

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

Thursday January 25 1979 ***15p

No. 27,773

***15p

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NEWS SUMMARY

GENERAL

Troops shut Tehran airport

Troops and tanks shut Tehran's Mehrabad Airport for the day in an apparent attempt to stop a special Iran Air flight to Paris to bring Ayatollah Khomeini, the exiled opposition leader, back to Iran on Friday.

Army officers said the airport would be closed until Sunday, but by the evening air staff were being told the airport would reopen the following day. No reason was given.

Iran has drafted a plan to take over totally operations of the country's oilfields, effectively reducing the role of the Western oil consortium to that of a purchasing group.

Back Page

Manifisto threat

The Labour Party's manifesto for the European elections will contain a thinly veiled threat to take Britain out of the Community unless fundamental changes are forthcoming.

Back and Page 10

New peace step

The Israeli Cabinet examined new peace proposals for more than three hours, then sent a representative back for more talks with the U.S. mission.

Moors statement

Moors murderers Ian Brady and Myra Hindley are unlikely to be released from prison for at least the next three years, Home Secretary Merlyn Rees said in a Commons reply.

Claims dismissed

A damages claim by four NHS patients against Social Services Secretary David Ennals over alleged delays in orthopaedic operations at Birmingham's Good Hope Hospital were dismissed in the High Court.

Laker apology

Sir Freddie Laker, chairman of Laker Airways, accepted an apology, nominal damages and costs in settlement of a High Court action against Mr. Cliff Jones, former Association of British Travel Agents chairman, over comments at a travel agents' meeting.

Nuclear move

France is determined to push ahead with improvements to its nuclear strike force, and will continue to hold experimental test blasts, despite its membership of the newly-constituted U.N. Committee on Disarmament.

Page 2

President's visit

President Jose Lopez Portillo of Mexico has accepted an invitation to visit Britain towards the end of the year, at a date still to be fixed. The visit is expected to boost trade relations.

Union man shot

Two Red Brigade guerrillas shot dead a Communist trade union official in Genoa. Police believe it was a revenge killing for the man's involvement in the arrest of an Italsider foreman last year.

Briefly . . .

Ancient White Horse of Uffington has been presented to the National Trust by Mr. David Astor.

Body believed to be that of a Canadian woman tourist who vanished two years ago has been found in a Pharaoh's tomb in Luxor.

Uganda President Idi Amin today celebrates eight years in power.

Judge in the Jeremy Thorpe case at the Old Bailey will be Mr. Justice Cantley.

Journalist and broadcaster Frank Owen has died at Worthing, aged 73.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Abercrom	126 + 13	Funding 5½p	82.84 2301 - 1
Barlow Rand	265 + 20	Treas. 12½p	93.05 2311 - 1
Caledonian Assoc.		Assoc. Book	
Cinemas	500 + 30	Publishers	291 - 9
Dunlop	40 + 11	Assoc. Newspapers	180 - 5
Huettel's Corp.	130 + 14	Beecham	503 - 3
S.A. Breweries	70 + 6	Blue Circle	260 - 5
Standard Chartered	450 + 15	Bowater	171 - 4
Anglo American		Carpets Intl.	52 - 4
Corp.	355 + 21	Elliott (B.)	159 - 6
De Beers Deft.	462 + 34	Eurotherm	227 - 8
Doornfontein	805 + 89	Evon Motor	112 - 5
East Drie	107 + 16½	Lucas Inds.	281 - 7
Elshor	805 + 89	Midland Bank	360 - 5
Hartbeest	141 + 11	Prop. Sec. Inv.	116 - 7
M.L.M. Hides	256 + 10	Rank Org.	247 - 13
Randfontein	535 + 21	S.E.E.T.	73 - 7
UC Investments	250 + 16	Simon Eng.	267 - 7
Ventersport	210 + 35	Smith (W. L.) A.	131 - 5
Western Areas	168 + 29	Stock Conversion	154 - 12
Western Hides	2201 + 11	Tate & Lyle	154 - 22
		Warner Ests.	145 - 7

Troops may soon be needed—Ministers

Ministers admitted yesterday that British industry was facing a substantial decline in production because of the effects of the road haulage strike and said troops might soon have to ensure essential supplies, particularly for the pharmaceutical industry. Parliament, Page 10

Meanwhile, regional pay talks in the lorry drivers' dispute got under way with signs that hauliers might boost fringe benefits and that local TGWU

officials might scale down the 23 per cent claim. Strike effects, Page 8

The Government published its Bill for tighter price controls which would abolish all but one of the existing profit safeguards. The Bill is intended to become law by February 13. Editorial comment, Page 24

The TUC general council accepted the Prime Minister's invitation to talks next week and officials are working on plans for a new pay bargaining scheme. Back

Rees gives gloomy report

BY RICHARD EVANS AND JOHN ELLIOTT

MR. MERLYN REES, Home Secretary, gave the most gloomy assessment so far when he made the latest report to the Commons and admitted that only a significant easing of picketing could now prevent a major production slump in the near future.

But while Mr. Rees was speaking, reports from around the country being gathered in London by Government Departments and other organisations showed a marked improvement in some areas, although there were serious problems at some ports. Food supplies were reported to be better as pickets adopted their union's code and areas such as the Scotland, the North-east and the east Midlands reported an easing of secondary picketing activities.

Although some supermarkets are still suffering problems, supplies of margarine, fat, cooking oil, and fish were eased, and frozen food companies reported improved business.

The Food and Drink Industries Council, which a week ago was forecasting widespread blockades, agreed that the overall outlook was now marginally brighter.

Following a meeting of Ministers yesterday Mr. Rees maintained that there was still no clear advantage to be gained from declaring a State of Emergency, but Ministers admitted later that the Government could now be forced into declaring one if secondary picketing continues at its present level.

The most worrying problem is over the supply of chemicals for the drugs industry and the signs are that troops might have to be used within the next day or two to free supplies trapped in the docks. Ministers will meet today to decide whether to take action.

The Transport and General Workers' Union has already warned that the use of troops will worsen the problem of

secondary picketing by hardening attitudes.

Mr. Alex Kitson, the union's executive officer in charge of co-ordinating picketing, said yesterday if there was any firm indication the Government would use troops, union officials would redouble attempts to remove certain forms of secondary picketing. The use of troops had to be avoided.

In a last attempt to break the picketing stronghold, Mr. Rees announced that new arrangements had been devised by ministers to inform the Transport and General Workers' Union of bottlenecks in supplies as they arose, "and that the Government requires them to be dealt with immediately."

The Home Secretary warned Continued on Back Page Economic Viewpoint, Page 25

CASH LIMITS DELAY

The Treasury has postponed a decision on cash limits for public spending in 1979-80 because of setbacks to policy. A decision on the date of the Budget has not yet been taken because of election uncertainties. Most planning has

been on the assumption of a late post-Easter Budget. But March 6 is the last possible date which would give the option of a Budget before an early spring election. Lombard, Page 22

Hauliers may offer improved fringe benefits

A NEW round of regional pay negotiations to settle the road hauliers dispute began yesterday with area negotiators representing employers showing every sign of refusing to improve on their offers on basic rates.

But there were indications that hauliers might be prepared to improve fringe benefits, lifting average regional offers above the present 15 per cent, and local officials of the Transport and General Workers' Union were considering scaling down their 23 per cent money claim.

In the rail disputes, the train drivers' union ASLEF yesterday postponed a decision to continue its series of one-day national strikes into next week

until after Mr. Ray Buckton, its general secretary, meets Mr. Len Murray, TUC general secretary, again today. British Rail services are at a standstill once more today.

The first formal area road haulage settlement was made yesterday, with union officials on the negotiating committee for Kent accepting the employers' offer of a top rate of £80. This is the same basic rate as offered in all other regions and compares with the union's claim of a £65 top rate. It affects about 450 drivers in 25 companies.

The Road Haulage Association's western region indicated in negotiations yesterday that it was prepared to improve its previous offer, but only on

fringe benefits.

Union negotiators there are understood to have indicated that they were prepared to reduce the claim and a mass meeting of shop stewards in the area has been convened today.

The Northern Ireland Road Transport Association, which is not connected to the RHA, but has the same basic minimum rates, has improved its offer from £80 to £81.50 top rate. Negotiations resume today.

Pay talks in a number of regions, including the North-west and the Midlands are expected within the next few days.

Mr. Murray met separately both Mr. Buckton and Mr. Sid Continued on Back Page Rail strike see problems Page 5

Rank plans £62m rights issue

BY JAMES BARTHOLOMEW

SHARES of Rank Organisation, the leisure group with a major investment in Rank Xerox, fell 19p to 247p yesterday after the announcement of a £62m rights issue.

This followed an 8p per share fall the day before when it was first rumoured that a rights issue could be imminent, making a two-day slide of 10 per cent.

The purpose of the fund-raising is partly precautionary—reducing borrowings in face of a possible further rise in interest rates—and partly expansionary.

A company statement said: "Your directors intend to en-

sure the profitable expansion of the company both by selective investment in our existing trading activities, which necessarily involves considerable capital expenditure, and by carefully considered acquisitions."

Another effect of the issue will be to dilute the significance of Rank Xerox to the company. The preliminary results for the Rank Organisation, issued yesterday, show that £97.9m out of the £143.2m pre-interest profits to October 31, 1978, came from companies jointly owned with Xerox Corporation.

Some brokers objected yesterday to this dilution but the com-

pany opposed the idea that it should be merely a conduit for investment in Rank Xerox.

The pre-tax profits of £123m (£114.8m) were broadly in line with expectations. Rank Xerox's contribution was down 27.4m owing to smaller currency gains on conversion of the American interests. The main operating companies of the Rank Organisation showed a 38 per cent rise in trading profits.

The new shares are being offered at 22½p per share in the proportion of one for six existing shares. The Board is recommending a dividend increase of 20 per cent.

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South Africa commercial rand to float

BY QUENTIN PEEL IN CAPE TOWN

SOUTH AFRICA yesterday announced a package of major changes in its exchange-rate policy aimed at reviving the inflow of foreign investment and providing further stimulus to the lagging revival of the economy.

The package includes plans to introduce a floating commercial rand, independent of the dollar to which it is pegged, and a major expansion of the existing securities rand market to allow all potential foreign investors to import their money at a substantial discount.

Capital

Senator Owen Horwood, the Minister of Finance, also announced measures to allow foreign subsidiaries to raise more capital on the South African market, to provide cheap forward cover for dollar loans for private enterprise as well as public corporations, and to repay existing loan levies on companies ahead of schedule.

The Johannesburg Stock Exchange and foreign exchange dealers were closed in anticipation of his announcements, which came as a response to the interim report on exchange rate policy published by the Government commission of inquiry chaired by Dr. Gerhard de Kock, Senior Deputy Governor of the South African Reserve Bank.

While he has not accepted all the recommendations of the de Kock commission, Senator Horwood has approved in principle the overall strategy of introducing a dual exchange rate policy, with a commercial rand floating within limits set by Reserve Bank intervention, combined with a financial rand subject entirely to market forces, available to any non-resident wishing to invest in South Africa.

Improved

The moves will have no immediate effect on the official exchange rate of the rand, which has been pegged at a price of \$1.15, when the market re-opens tomorrow. The Reserve Bank will still fix the price at the present rate.

The expansion of the securities rand market—where blocked rands are currently only available for non-residents to invest in quoted securities—means that foreign companies will now be able to buy rands at the going discount (now 40 per cent) for equity investment in plant and equipment.

Dividends from the invest-

ments will be fully remittable at the commercial rand rate of exchange, thus in theory providing a dramatically improved yield, depending on the initial discount.

Ironically the securities rand market, which was instituted after the Sharpeville massacre to staunch the flight of capital, is now being used to revive foreign investment after the similar flight which followed the 1976 Soweto riots.

One important recommendation accepted by the Minister is the introduction of forward cover by the Reserve Bank for dollar loans raised by the private sector, limited preferably to one year.

The de Kock report recommends that the dual exchange rate should be an interim arrangement leading eventually to a unitary rate, with the rand subject to a "managed float."

However, the proposals for measures to encourage the growth of a free market in foreign exchange will only be introduced gradually, and not subject to any definite time-scale, Sen. Horwood said.

The exchange markets will remain closed until Friday, pending further talks with the Reserve Bank on the introduction of the system, but initially the bank will still quote "determined" buying and selling rates for U.S. dollars," he said.

The bank will cease to prescribe mandatory buying and selling rates at which the dealers must conduct their dollar transactions with the public, however, and they will also be allowed to maintain reasonable "open positions" in foreign exchange, as a preliminary to the eventual free market.

While the general expectation here is that the wider market for financial rands will narrow the discount against the official rate, the Reserve Bank is likely to want to preserve some discount to maintain the attraction of investments through that market.

In the long run, however, the commercial rand may also be allowed to drift lower to narrow the gap, leading to a relatively painless transition to a unitary system.

Details Page 2

Editorial comment Page 24

£ in New York

	Jan. 25	Previous
Bank	85.0013-0028	85.0000-0070
1 month	0.48-0.40	0.56-0.56
3 months	1.18-1.15	1.11-1.06
12 months	2.89-2.76	2.50-2.50

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(Incorporated in the Republic of South Africa.)

INTERIM REPORT FOR THE SIX MONTHS ENDED
31 DECEMBER 1978

The unaudited consolidated results for the six months ended 31 December 1978 are as follows:

	Six months ended 31 Dec. 1978	Six months ended 31 Dec. 1977	Year ended 30 June 1978
Income from investments	R800	R800	R800
Profit on realisation of investments	1,597	1,072	2,378
Other income	—	—	—
Expenditure	1,863	1,119	2,910
Administration and general expenses	145	138	273
Prospecting	—	3	2
Amount written off investments	—	—	85
Profit before taxation	1,738	978	2,550
Taxation	15	—	32
Profit after taxation	1,703	978	2,518
Minority shareholders' interest	40	22	63
Profit attributable to members	1,663	956	2,455
Earnings per share—cents	14.4	8.3	21.2
Dividend per share—cents	8.0	8.0	16.0
Times dividend covered	1.8	1.4	1.3
Net asset value per share—cents	327	271	282

NOTES ON THE RESULTS

(a) Investments

Listed investments are written down when the market value is below book value at the end of each financial year. The market value of each investment was in excess of book value at 31 December 1978 (1977—aggregate shortfall R5,000).

(b) Particulars of Listed Investments

	31 December 1978	31 December 1977
Stock exchange value	R800	R800
Book value	33,362	28,342
Excess over book value	13,060	13,255

(c) Dividend Declared and Paid

Dividend No. 55 of 10 cents per share absorbing R1,155,000 was declared and paid during the period. This dividend was declared out of profits for the year ended 30 June 1978.

DECLARATION OF DIVIDEND

Dividend No. 56 of 8.0 cents per share has been declared in South African currency, payable to members registered at the close of business on 9 February 1979. Warrants will be posted on or about 15 March 1979. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London office of the company.

Request for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 9 February 1979 in accordance with the above-mentioned conditions.

The register of members will be closed from 10 to 16 February 1979, inclusive.

Registered and Head Office: On behalf of the Board

Gold Fields Building
75, Fox Street
Johannesburg
2001

United Kingdom Registrar:
Close Registrars Limited
303, High Road
Leyton
London E10 7AA

24 January 1979

GOLD FIELDS GROUP

VOGELSTRUISBULT METAL HOLDINGS
LIMITED

(Incorporated in the Republic of South Africa.)

PRELIMINARY ANNOUNCEMENT OF RESULTS

The consolidated unaudited results of the company and its wholly-owned subsidiary, Struisbult Investments Limited, are:

	Year ended 31 Dec. 1978	Year ended 31 Dec. 1977
Income from investments	R800	R800
Surplus on realisation of investments	2,519	1,709
Sundry revenue	475	238
Expenditure	3,021	2,030
Administration expenses	182	143
Amount written off investments	366	687
Profit before taxation	2,473	1,190
Transfer from deferred tax	142	101
Unappropriated profit brought forward	2,615	1,292
Earnings—per share (cents)	16.1	7.8
Dividends—per share (cents)	12.0	7.5
—amount absorbed (R000)	1,839	1,150

These results are published in advance of the annual report which will be circulated to members in March 1979.

DECLARATION OF DIVIDEND

Dividend No. 64 of 8.0 cents per share, in respect of the year ended 31 December 1978, has been declared in South African currency, payable to members registered at the close of business on 9 February 1979.

Warrants will be posted on or about 14 March 1979. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 9 February 1979 in accordance with the above-mentioned conditions.

The register of members will be closed from 10 to 16 February 1979, inclusive.

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24 January 1979

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SOUTH AFRICA MOVES TO SHORE UP ITS ECONOMY

Bid to attract foreign capital

BY WILLIAM HALL

FOR major multinational companies operating in South Africa, a key aspect of the De Kock recommendations concerns the controls on capital movements. Although political fears undoubtedly have helped discourage direct foreign investment in the republic in recent years, bureaucratic controls have also played a part and the pressure has been on the South African authorities to produce a scheme to attract foreign investors.

Aside from the political situation the main worry for prospective investors is that existing rules allow them to put money into the country at the prevailing exchange rate but force them to suffer a capital loss of over 40 per cent when they take it out.

This is because they are forced to take it out through the securities rand which stands at a substantial discount to the existing exchange rate. Thus a foreign investor wishing to sell a company with a net worth of £9.5m would realise only around £6m.

Alternatively, the foreign investor could use the proceeds of his planned disinvestment to invest in government stock for

periods of five and seven years at relatively unattractive interest rates. When these stocks mature, the foreign investor could then repatriate his funds at the official exchange rate. But he had to take the risk that the rand might be devalued over that period, and a number of companies have been prepared to suffer substantial loss by repatriating their funds through the securities rand discount.

The key question for corporate treasurers is how much easier the De Kock recommendations will make capital transfers. Under the proposed new two-tier exchange rate, foreign investors would be able to invest money via the financial rand and repatriate it through the same market.

Theoretically, this should encourage new foreign investment in South Africa since if the financial rand falls, foreign risk capital will be attracted. On the other hand, there might be an embarrassing rush of investors wishing to pull out and it is not clear how the South African authorities would react to a mass liquidation of holdings.

Foreign investors will want to inspect the small print of the recommendations before passing judgment on their adequacy. They will want information on how the authorities will police the two-tier exchange rate since abuses are bound to arise. Unfortunately, the more bureaucratic the controls, the less attractive the scheme to outside investors.

South Africa's reliance on foreign capital has been well documented and the virtual drying up of inflows in recent years was one of the main reasons for the request to the De Kock commission to recommend improvements in the exchange control system.

It is reckoned that to maintain an annual growth rate of just under 5 per cent, South Africa needs to import \$1.5bn a year.

British companies account for over 50 per cent of total foreign investment, which at the end of 1978 was estimated to total R19bn (£10.95bn). According to the UK-South Africa Trade Organisation, South Africa accounts for one tenth of total UK overseas direct investment, with a value of some £4bn. In

addition, there is substantial indirect investment of about £3bn and invisible earnings running at over £1bn a year.

In recent years, however, as the political ties with the UK have weakened, there has been evidence that European and Japanese companies have been taking up the running.

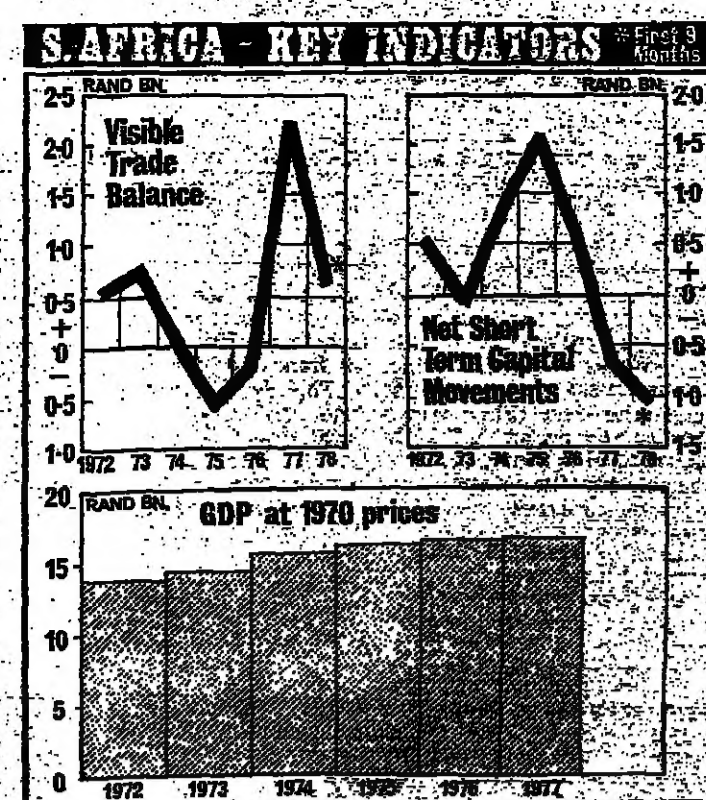
Among the European banks, German institutions such as Bayerische Vereinsbank and Commerzbank have been important lenders of medium-term capital while most of the big German car companies such as Volkswagen, Daimler Benz, and BMW have important local operations.

American investment is far less important than the British stake, but is nonetheless sizeable. In terms of book value the Americans have \$1.6bn tied up there, 16 per cent of the total. In certain sectors such as computer technology they play a major role. IBM controls around 70 per cent of the computer market.

In other sectors the U.S. influence is less marked but South African affiliates of U.S. companies such as General Motors, Woolworths, Mobil and Otis Elevator are household names.

In response to pressure to sever their links with South Africa, however, U.S. companies have stood their ground. And it is difficult to find a single public example of a major corporation withdrawing.

It is equally clear, however, that corporations are reluctant to build up their commitments. Generally, U.S. companies have trimmed their policies rather than radically altered them. Citibank, for example, partly in response to shareholder pressure, said it was stop-



U.S. companies cautious about raising their stake

BY STEWART FLEMING IN NEW YORK

IN THE PAST three years, particularly since the riots in Soweto and following the death of Steve Biko, the black leader, U.S. corporations have faced mounting domestic criticism of their role in South Africa.

The arguments levelled against them have been the traditional ones that the \$1.6bn book value of U.S. direct investment in that country, and segregated employment practices in U.S. plants, tend to support the apartheid regime.

In response to pressure to sever their links with South Africa, however, U.S. companies have stood their ground. And it is difficult to find a single public example of a major corporation withdrawing.

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No action against BOSS chief

BY QUENNIN PEEL IN JOHANNESBURG

GENERAL Hendrik Van Den Bergh, former head of the South African Bureau of State Security (BOSS), will not be prosecuted for describing a judicial inquiry as a farce, it was announced yesterday.

The decision means that the Government will not have to face further embarrassing disclosures in court from the once all-powerful secret service chief about the clandestine activities of the former Information Department.

General Van Den Bergh appeared to be court-martialled by the regime when he described the Erasmus Commission of Inquiry into the Department

as a "one-sided farce". Mr. V. E. Nothing, the Attorney-General at the Transvaal province, said yesterday that it was not in the national interest to prosecute General Van Den Bergh, because "evidence given to the Erasmus Commission might be revealed at his trial which would be against the national interest". However, he said that a case brought against the opposition Rand Daily Mail for contempt of the state Commission was still being considered. The newspaper was charged with a day's work in a case which was still being considered. The newspaper was charged with a day's work in a case which was still being considered.

Breaking out of the straitjacket

THE PROPOSALS announced yesterday to introduce a formal dual exchange rate for the South African rand aimed to attract renewed foreign investors through the heavily discounted securities rand market, are an attempt to break out of the increasingly restricted confines of policy available to the economy back on the path of steady growth.

The dearth of foreign capital available for investment and the consequent net outflow of capital, aggravated by the riots of 1978 and political unrest throughout southern Africa, means that the Government has been unable to embark on consistent policies of stimulation to end the economic recession which began in 1974.

Both Dr. Gerhard de Kock, the senior deputy governor of the South African Reserve Bank, whose commission drew up the recommendations, and Senator Owen Horwood, the Minister of Finance, who has accepted most of them, emphasised yesterday that "conservative fiscal and monetary policies" remain the mainstay of short-term economic stabilisation policy.

Nevertheless the acceptance of the general strategy of a managed float of the rand amounts to an admission by the authorities that a growth strategy is now the main priority, above combating inflation and preserving the exchange rate.

The long-term strategy outlined by Dr. de Kock is for a unitary exchange rate system "under which an independent and flexible rand finds its own level in well-developed and com-

petitive spot and forward foreign exchange markets in South Africa." Such a float would be managed by the intervention of the reserve bank to buy and sell foreign exchange.

Limited exchange control, in contrast to the strict rules currently in force, would be applicable only to residents. Such a system, the commission argues, would allow the Government much greater scope in its domestic fiscal and monetary policies by allowing the

exchange rate to bear the brunt of changes in the balance of payments, rather than the reserves.

To attain such a system means that the interim graded dual exchange rate must succeed. Effectively a dual exchange rate already exists, although in a strictly limited form, with the existence of the securities rand market. Blocked funds are available for the use of non-residents solely for the purchase of securities quoted in South Africa. Hence the plan for a transitional period by formalising the dual market, with a financial rand entirely at the whim of supply and demand, and an official "commercial" rand allowed to move to some limited extent in response to market forces.

The intention is clearly that the cheaper financial rand will be bid up because of the relative attractiveness of investing in South African assets through this means while the commercial rand may gradually float down, and a unitary system could be introduced once they are close enough together.

Senator Horwood is clearly pinning great store on the expansion of the existing securities rand market through which all non-resident investments in South Africa, including equity

investment in plant and equipment, as well as investment in quoted securities, but excluding foreign loans, may be channelled. It was an attempt, he said yesterday, to bring back "old-fashioned, private, productive investment."

It would be particularly attractive because although the capital would be imported at the prevailing financial rand discount, dividends could be remitted at the commercial rand rate, without restriction. As for the nature of the investment, all proposals will be vetted initially by the reserve bank, but Senator Horwood said he "would not like to put any restriction on it at the moment."

The Government has declined to go along with the full expansion of the financial rand market as suggested by Dr. de Kock. He proposed that South African

residents should also be allowed to use the market, either to take an increased travel allowance or as emigrants, to take their capital out of the country. This means that the full range of exchange control—legislation, which limits the assets an emigrant may take with him to one half of his total assets, up to a maximum of R20,000, will remain in force.

While accepting in principle Dr. de Kock's recommendations, Sen. Horwood has not committed himself wholeheartedly to the strategy. Thus a whole range of measures to develop a competitive foreign exchange market will only be implemented through a "gradual process of adjustment" with no fixed time-scale.

Senator Horwood's cautious acceptance of the de Kock report indicates that the debate within the circle of South African economic and financial planners on the relative priority to be attached to stimulating growth or combatting inflation is by no means over.

There is a swing to the side of the proponents of growth, with the spectre of increasing black unemployment if the economy cannot retrieve a growth of more than 5 per cent. But those who insist that inflation must first be overcome (it is running at 11.5 per cent) are firmly entrenched and reflect the more immediate concern of the all-white electorate.

The extent to which the Government does opt finally for the de Kock strategy will indicate which concern is uppermost in the minds of the politicians.

OTHER OVERSEAS NEWS

Industrialists worry as Indian cabinet crisis patched up

BY K. K. SHARMA IN NEW DELHI

NOW THAT one phase of the prolonged Indian Cabinet crisis is over following the swearing in of Mr. Charan Singh as deputy Prime Minister in charge of finance, there is considerable speculation in business circles on the impact of the move on the Government's economic policies.

The long-term strategy outlined by Dr. de Kock is for a unitary exchange rate system "under which an independent and flexible rand finds its own level in well-developed and com-

"mixed economy" accepted by the Government. Other industrial associations have voiced similar views. One reason, however, why Mr. Charan Singh is unlikely to take a drastic line against industry in his budget is that pre-budget exercises are already too far gone to enable him to make many changes. Officials say that he can, at best, make minor tax concessions to farmers whom he claims to lead—but any radical change in the taxation structure is not possible at this stage.

Pre-budget soundings have shown that the Indian economy is basically in sound shape, following an increase in industrial production by around 8 per cent in 1978 and bumper harvests of foodgrain and commercial crops. The advice that will be given to Mr. Charan Singh is that the time is opportune for stimulating the economy through incentives rather than curbs on industry.

On the political front, the crisis in the Janata Party is by no means over. The introduction of Mr. Charan Singh and one of his followers, Mr. Rabi Ray (as Health and Family Planning Minister) into the Cabinet has only really diffused the unrest and it could blow up again.

There is discontent among several constituent factions, including Mr. Charan Singh's Bharatiya Lok Dal which feels let down because he has returned to the Cabinet without Mr. Raj Narain, a fiery figure who threatens to form his own group.

Mr. Desai's followers are also angry since they feel that Mr. Charan Singh—who resigned as Home Minister last June after a bitter attack on his Cabinet colleagues—has "been rewarded for his indiscipline," as one of them said.

Australia drops sales tax plan

By James Forth in Sydney

THE AUSTRALIAN government has abandoned plans to introduce a retail sales tax, which had been suggested in a report from the Taxation Commission late last year.

The report was called for by the Government last June to look into ways of raising additional revenue through indirect taxation. However, the Government announced in Canberra yesterday that it had decided not to proceed with the idea.

The retail industry was convinced the Government intended to introduce the tax, which would have been on all goods and most services, and had been lobbying heavily for its abandonment. However, Mr. John Howard, the treasurer, said this was not a major reason for the decision.

He said that a "dominant reason" was concern about having steadiness, and not having too many changes in the economic area, and the desire to avoid disruption. Obviously the inflationary expectation is a very important part of that.

Apart from the retail sales tax, the study also looked at a value added tax, but this was soon dropped, mainly because of anticipated difficulties in collection and administration.

The report estimated that a retail sales tax would have provided a taxation base of A\$60bn (£34.3bn). Every 1 per cent of the tax would have collected about A\$600m but it would also have added about 0.7 per cent to the consumer price index.

Australian farmers are expected to almost double their incomes this season because of the gains in most sectors of the rural industry. A forecast released by the Bureau of Agricultural Economics suggests that total farm incomes will increase by A\$3.55bn this season, or A\$21,800 per farm.

This is about A\$8,600 or 80 per cent more than the annual income per farm last season

Zaire mines make recovery

BY MICHAEL HOLMAN, RECENTLY IN LUBUMBASHI

ZAIRE'S state-owned mines have apparently made a remarkable recovery following the fighting in Shaba province last May during which 800 expatriate workers and their families were evacuated.

According to a company spokesman, the mining company Gécamines, hopes to produce 420,000 tonnes of copper and 13,000 tonnes of cobalt this year. However, the 1979 projections are being treated with considerable caution by diplomatic sources and many expatriate workers themselves.

Official figures from the company put 1978 production at 381,000 tonnes of copper (1977—450,000 tonnes) and 13,000 tonnes of cobalt (1977—10,300 tonnes).

The key factor in the year ahead is the 2,300 strong international force based in the main centres of Shaba province, including Kolwezi.

The force, comprising 1,500 Moroccans, 500 Senegalese and

smaller units from Gabon, Togo and the Ivory Coast, has played a vital security role after being flown into Shaba province after the May 1978 fighting.

Their presence is thought to be essential for security and the attitude of most of the 100 expatriate who have returned to "knowled" (without their families) is that they would not stay on after the force's departure. They have no confidence whatsoever in the Zaire army, generally regarded as responsible for most of the looting that devastated Kolwezi. No date for the force's pull-out has been set, though some observers believe they may leave in mid-year.

A second factor affecting production is the depth of skills available. Gécamines believe they can attract a further 150 expatriates within the next few weeks, bringing the total to the 250 minimum the mines are thought to need. Whether this is a realistic figure remains to be seen.

The view of several expatriates is that even if this target were reached, skills would nevertheless be too thinly spread.

They argue that the 15 per cent fall in production last year does not accurately reflect the long-term consequences of the "knowled" (without their families) is that they would not stay on after the force's departure. They have no confidence whatsoever in the Zaire army, generally regarded as responsible for most of the looting that devastated Kolwezi. No date for the force's pull-out has been set, though some observers believe they may leave in mid-year.

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New seven-year plan for Japan

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN WILL aim for a 6 per cent annual growth rate up to 1985 under the terms of a new seven-year "socio economic" development plan, a draft of which was formally submitted to the Prime Minister yesterday.

The plan, which replaces an earlier five-year programme covering the second half of the 1970s, will be finalised in May and will be the ninth of its kind to have been drafted since the war.

The new draft which was submitted by the economic council (an advisory body to the prime minister) differs from its predecessor in setting anticipated growth rates at around 6 per cent instead of "over 6 per cent" as in the 1976 plan. Other significant differences include the target for unemployment (1.7 per cent in 1985 compared with the previous plan's 1.3 per cent for 1980). The new draft

plan puts the annual rate of consumer price increases at 5 per cent whereas the 1976 plan aimed to reduce price increases to "less than 6 per cent" by the final year (1980) of the plan period.

One of the basic objectives of the new plan is to remove imbalances which have appeared in the Japanese economy since the 1973 oil crisis. These include structural problems in various industries.

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UN organises Lebanon truce

BY ISHAH HAJAZI IN BEIRUT

SOUTHERN Lebanon, which was the scene of heavy artillery exchanges during the past few days, was calm yesterday after a truce was agreed by the United Nations between Israel and the Palestinians.

It was announced that the ceasefire went into effect at 6 am yesterday morning. The shelling had begun to ease off last night, after intensive diplomatic contacts by the

Lebanese Government, including a complaint to the UN security council. The artillery and rocket duels reached a peak on Tuesday with the Israelis pounding the port of Tyre and threatening the surrounding "Palestinian" camps, and the communist Syrian army shelling Israeli settlements. It was estimated that over 25,000 Lebanese villagers have left their homes.

Swiss end ban on share purchases by foreigners

By Nicholas Colchester

THE SWISS authorities yesterday lifted the ban which has prevented foreigners from buying Swiss securities since February last year. At the same time they lifted restrictions on the import of foreign banknotes into Switzerland and waived a rule limiting to 50 per cent the proportion of Swiss-denominated foreign bond issues for which foreign investors can subscribe.

All three restrictions were introduced or strengthened last year as part of the effort of the Swiss authorities to hold down the Swiss franc as the dollar fell. Yesterday's decision was taken because the Swiss National Bank felt that the upward pressure on the franc had now eased.

The move is consistent with a new policy to hold the franc down which the National Bank adopted last autumn. This was broadly to intervene massively in the foreign exchange markets and to play down the franc's rarity value by progressively dismantling the wall of restrictions designed to prevent foreigners from buying franc or franc-denominated securities.

The Swiss move came only one day after the Japanese authorities had taken a similar step by increasing the access of foreigners to the Japanese bond market. Swiss bankers said that its psychological impact was considerable because it was completely unexpected.

The announcement came after market hours in Switzerland. The initial indication was that it would have its greatest impact on the Swiss equity market where substantial mark-ups were said to be inevitable at today's opening. It was in the share market, rather than in the bond market, that the foreign investment ban had its greatest impact last year.

Despite the troubles in Iran the dollar has recently remained fairly stable against the Swiss franc — at a rate of SwFr 1.68 or so. If response to the new availability of Swiss franc securities is modest, it will re-emphasise this stability. This is the response which the Swiss National Bank is now gambling on. Swiss bankers said yesterday that there might initially be a surge in Swiss share prices, but that they were reckoning on profit taking before prices had moved very far. In the bond market they expected a still more muted reaction in that liquidity is already substantial and yields very low.

The ban on foreign investment was set up in February last year at a time when Swiss industry was complaining bitterly about the rapid rise of the franc. It caused considerable discontent in the Swiss securities business and was relaxed somewhat in October when the Swiss National Bank announced a fresh approach to the problem of the franc with less restriction, more intervention, and a Swiss franc rate orientated visibly towards the D-Mark.

Brussels threatens equal pay court case

By Giles Merritt in Brussels

THE EUROPEAN Commission fired off the broadside at all nine member governments yesterday, charging each of them with failing to comply with the 1975 directive on equal pay for women.

Commission spokesmen have warned that legal proceedings technically could be initiated under the Rome Treaty's Article 169 against all the governments of the EEC, but the indications are that only a few will eventually be brought before the European Court of Justice in legal actions that would lead to fresh national legislation.

The identities of those member states the Commission considers to have most seriously flouted the directive are not being made public. The Commission's Employment and Social Affairs Directorate, which is answerable to Mr. Henk Vredeling, the Netherlands Commissioner, is making it clear that EEC governments are in effect being offered a grace period of several months to put matters right.

Among governments considered most likely to be the targets for proceedings, Holland, Denmark and West Germany are the front runners, with Belgium, Luxembourg, France and Italy being cited as lesser offenders. In addition to threatening court action that would, for instance, push the Dutch Government into including women in the public sector in its equal pay legislation, the European Commission is laying plans for a system under which employers and trade union representatives would jointly agree on eliminating sex discriminations.

With a rate of inflation more than three times that of West Germany, France's main trading partner, and unemployment running at some 1.3m and still increasing, the unions and left-wing opposition parties have plenty of ammunition to fire at M. Barre's economic policies during the run-up to the cantonal elections in March and the European parliamentary elections in June.

THE FRENCH ECONOMY

Inflation held to 9.7% despite end of industrial prices curbs

By Robert Mauthner

THE FRENCH rate of inflation increased to 9.7 per cent in the 12 months from December 1977 to December 1978, from 9 per cent during the previous year, following a 0.5 per cent rise in prices last month.

Given that Prime Minister Raymond Barre has, since August 1978, set himself as one of his main economic targets the reduction of inflation, last year's result is hardly one which will cause jubilation in official quarters. But the fact that price rises have been kept down to single figures in spite of the freeing of industrial prices earlier last year is nevertheless something of an achievement.

In spite of the scepticism of many French economic observers, to say nothing of the trade unions, M. Barre has claimed all along that the sudden jump in the rate of inflation following the freeing of prices would be no more than a temporary phenomenon. He has been proved right in practice. The price increases of the last two months have been only about half those of the early summer last year.

Commenting on the figures yesterday, M. Rene Monory, the Economics Minister, said he hoped inflation could be kept down to between 9 and 10 per cent in the current year. But this is, nevertheless, well above the Government's original target of about 8 per cent, which has had to be revised following the recent oil price rises decided by the OPEC countries.

Whatever M. Barre may say in justification of his policy of freeing industrial prices and allowing public sector prices to be raised to more economic levels, he is likely to be subjected to increasing criticism for failing to meet his self-imposed targets.

The Prime Minister gave himself three years — that is, until August 1979 — to reduce inflation, bring the trade balance into equilibrium and stabilise the franc on the foreign exchange markets. Though he has succeeded on the last two counts, it is already clear that, on the inflation front, his objective is unlikely to be achieved.

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New Austrian banking law

By Paul Lendvai in Vienna

A FAR-REACHING liberalisation programme, the acceleration of the trend towards universal banking, and the "legalisation" of bank secrecy, are key features of a new Austrian banking law presented to Parliament yesterday. It will come into force on March 1.

Legislation provides for anonymous savings accounts and the protection of bank secrecy. In practice, both provisions have been respected and in Austria anyone can open a savings account without giving his name.

Another new provision is that savings deposits will no longer be subject to a two-week period of grace before interest is paid. Another important feature is the liberalisation of regulations covering the opening of new branches. In addition, henceforth only the minimum and not as before the maximum interest on ordinary saving deposits is to be fixed.

Direct access Significant shifts are to take place within the savings bank sector. The large savings banks will now be able to have greater freedom in their relations with their central institute, the Girozentrale of the Austrian savings banks. Banks whose assets are equivalent to 40 per cent of the balance sheet total of the umbrella institute of the sector will henceforth be able to sever their contact within three years once they give formal notice. Such large savings banks, for example, the Zentralsparkasse and Central Savings Bank of the Vienna Municipality and the First Austrian Savings Bank will have direct access to the domestic capital market.

The new banking law also states that banks should have funds accounting for at least four per cent of total liabilities. By the end of 1981 new lifeboat schemes must be drawn up and adopted in all sectors to protect small investors in case of a bankruptcy. Clients will also be better protected against so-called "loan sharks" since debts owed to lenders without a proper banking permit are declared null and void.

Limits have been imposed on loans extended to a single borrower. These should not exceed 5 to 7.5 per cent of total liabilities. Only public authorities are exceptions to this general rule.

Delegates expect these two items to remain on the agenda. But controversy may develop on a Russian proposal tabled at the previous committee to ban all weapons of mass destruction. Some also mention the possibility of extending the new Committee's role to include bans on certain kinds of conventional weapons, among others, are likely to resist this.

Another major feature of developing country positions is likely to be the insistence that any disarmament decisions should affect all member countries equally. They would insist that developing nations should not be stopped from obtaining weapons — owned by other countries.

Human rights issue at Vatican talks

By Rupert Cornwell in Rome

POPE John Paul II last night received Mr. Andrei Gromyko, the Soviet Foreign Minister, in private audience, during which the Polish-born pontiff was expected to stress heavily his concern with human rights and religious freedom in Eastern Europe.

The talks, on the eve of the Pope's departure for Mexico, are particularly important in view of his strong emphasis on human rights in the first month of his reign, and the trip he intends to make to Poland this May.

Moscow is known to be deeply concerned at the possible impact of such a visit, marking the 900th anniversary of the martyrdom of St. Stanislaus, on a country where the Church has become a natural medium for expression of dissent from the Communist regime.

During the first phase of his talks here, Mr. Gromyko and Sig. Arnaldo Forlani, his Italian opposite number, gave the go-ahead for a new 10-year economic cooperation agreement between their countries, whose bilateral trade has quadrupled in the last decade.

Rome summit to decide Andreotti's fate

By Paul Bettis in Rome

THE FATE of the minority Christian Democrat government of Sig. Giulio Andreotti is expected to be decided later this week at a summit meeting of the political parties currently supporting his administration.

The decision to hold an all-party confrontation follows a fresh and concerted outbreak of political violence yesterday when a Communist shop steward of the Italsider state steel group was shot dead by Left-wing Red Brigades extremists in Genoa.

Italy's three main trade union confederations immediately called a two-hour general strike today following the killing of Sig. Guido Ressa. Earlier this month, Sig. Ressa had helped identify a worker at the Italsider Genoa plant who was reportedly a member of the Red Brigades, the terrorist group which claimed responsibility for the kidnapping and murder of Sig. Aldo Moro.

Left-wing gunmen also shot and wounded yesterday morning a member of the Milan police hospital staff and last night wounded a doctor in Naples.

This intensification of political violence came as Sig. Benigno Zaccagnini, the Secretary-General of the ruling Christian Democrat party, completed his bilateral consultations in a further effort to salvage the crumbling parliamentary majority supporting the Andreotti administration.

Sig. Zaccagnini yesterday held talks with Sig. Enrico Berlinguer, the Secretary-General of the Communist Party, which has harshly criticised the ruling party during the last few days and threatened to bring down the Government. The Communists have accused the Christian Democrats of breaching the original collaboration pact between the parties in the current majority.

The Communists, who are to hold their national congress next March, find themselves in an increasingly uncomfortable position in the present majority and feel they have been hemmed in by the Christian Democrats.

The latest revival of political violence reflects the difficulties of the Communists now also under attack from the extreme left of the party. The assassination of one of its members was sharply condemned yesterday by the party, and the Communists have not hidden their concern over the launching this week of two new left-wing anti-Communist party newspapers.

THE UN COMMITTEE ON DISARMAMENT

France to press ahead with nuclear weapons development

By Brian Kihndaria in Geneva

FRANCE IS determined to go ahead in improvement to its nuclear forces, and will continue to hold experiments where necessary despite its membership of the newly constituted UN Committee on Disarmament.

The French Foreign Minister M. Jean Francois-Poncet told reporters before making France's first speech to a disarmament committee in almost two decades, that French membership of the committee did not mean that France has changed its stance on nuclear policy issues.

The French government agreed to enter the Committee not because "France has changed its opinion but because the chamber has changed its character," the minister said.

Replying to questions about negotiations between the U.S., the Soviet Union and Britain to obtain a complete ban on nuclear tests, M. Francois-Poncet said France would maintain its nuclear military capabilities independently from others. This meant that France will keep up technological research to protect its credibility as a nuclear power and will continue to conduct the necessary experiments.

France also seeks to strengthen its call for a Europe-wide conference to control build-up of conventional arms. It is not convinced that the mutual and balanced force reduction (MBFR) talks between NATO and Warsaw Pact members are enough to keep

European nations from slipping into a stepped-up conventional arms race.

The minister outlined a French programme of participation in the disarmament committee based on "a realistic assessment of security needs" in a world made up of "combative nations." Among other things, the French are seeking the creation of an international disarmament research institute, and a new fund to re-channel savings in defence spending as a result of disarmament to economic development programmes for poor countries.

The new-style disarmament committee opened ten weeks of mainly public meetings here yesterday to carry forward long-standing negotiations which some delegates described as trying to flog tired horses back to life again.

The committee created by a special UN General Assembly session on disarmament last summer is seen by neutral and non-aligned nations as a reason for hope, because all participating countries are placed on an equal footing under its founding resolutions. It replaced the former 50-member committee, set up in 1961.

China was conspicuous by its absence in the committee but, in line with its request, organisers placed empty chairs in the chamber and three members from the local diplomatic mission sat in the back row. China has said that it will not immediately enter the committee but

will name a representative at an appropriate time.

Although China, whose representative called the committee a sham in New York, has since maintained silence, the feeling here is that it cannot afford to remain outside the main stream of disarmament talks for too long.

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AMERICAN NEWS

U.S. 9% inflation rate
second worst since 1947

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

INFLATION IN 1978 was the worst in the U.S. since 1946-47, with the exception of 1974, when consumer prices soared by more than 12 per cent.

Consumer prices rose by 0.6 per cent in December, bringing the increase in the cost of living at retail level for the full year to 9.0 per cent.

The Carter Administration's budget forecasts a 7.4 per cent increase in the present year, but many private economists believe that even this is too optimistic.

On the face of it, the 0.6 per cent advance in December might seem encouraging. Although a fraction up on the previous month, the advance is nonetheless appreciably below the rates recorded in the first 10 months.

But one special factor

distorted the December data. It was the month in which the California property tax reduction, mandated by last summer's Proposition 13 referendum, took effect: without these reductions, the overall consumer price index would have gone up by 0.8 per cent.

As a result, the housing costs index only went up by 0.4 per cent, which is deceiving since, in the month, home prices rose by 1.1 per cent and mortgage costs by 1.6 per cent.

Generally, the December returns make fairly bleak reading: the food index rose by 0.5 per cent, more than double the previous month, while transportation costs were 1.2 per cent higher, largely because of more expensive petrol and used car prices.

Over the full year, food and housing (up, on an unadjusted basis, by 11.6 per cent and 9.9 per cent respectively) suffered most from inflation. Medical care rose by 8.8 per cent and transportation by 7.7 per cent: the only moderate sector was clothing, where prices went up by only 3.2 per cent.

In his State of the Union message delivered to Congress and the nation on Tuesday night, President Carter emphasised that the "new foundation" the U.S. must build was in part based on controlling inflation at home, as well as by promoting peace overseas.

But he rejected what he described as "simplistic or extreme solutions which substitute myth for common sense" to tackle the problem.

Bosworth's
battle to
sell the
guidelines

By John Wyles in New York

FOR WELL over a year a fresh faced, Auburn haired economist in his early thirties has been lecturing America on the evils of inflation, and ruffling a few feathers in the process.

Trade union leaders have resented being told that some of them enjoy too much power to secure inflationary pay settlements and to insulate their members from the consequences. Businessmen who have based their whole philosophy on worship of competition have been irritated by the assertion that when it comes to pricing, competitors are often the last things they do.

But Barry Bosworth enjoys challenging conventional wisdom. And as chairman of the Council on Wage and Price Stability, he is keenly aware that not only his President's political fortunes but also the dollar and the future of the American economy depend on the success with which he can help "sell" the voluntary wage and price guidelines of which he has been a leading architect.

Bosworth has no real counterpart in Europe. In Britain, the task of publicly stamping the Government's fiscal incomes policy is one almost entirely for Ministers.

Bosworth's significance is that he has the grasp of the trained economist allied to substantial skills as a propagandist. Many of his audiences have been deeply sceptical about the prices and incomes policy but most who have heard him speak away with at least some understanding of the intellectual basis for the policy.

A senior fellow at Brookings Institution, Bosworth is also the voice of many silent colleagues within the Washington bureaucracy who are convinced of the case for a managed economy and incomes policy. The respect according to Bosworth is based on three premises.

● The U.S. economy is no longer an amalgam of efficiently working markets and self-allocating resources. If it were, then inflation would genuinely represent too much money chasing too few goods and would be correctable through demand restraint. "But most people in the country don't like competition," argues Bosworth.

● The desire for fairness and equity has forced governments to humanise the system in such a way that the competitive dynamism is muted and in some sectors, such as transport, virtually non-existent.

● Restraining demand through tight monetary and fiscal policies offers no durable remedy for inflation. It tends to perpetuate the peaks and troughs cycle of economic development and after each trough to leave the economy on a higher plateau of inflation than before.

Heavy deflation can slow down price rises, but at great social costs. Bosworth says a 1 per cent rise in unemployment is needed to achieve a 1 per cent reduction of inflation. On that basis the U.S. may need 11m or 12m unemployed to come into line with West Germany.

● The problem of wage inflation has to be addressed in two ways. The first involves boosting productivity which has fallen from an annual growth rate of 3 per cent in the 1960s to around 1.5 per cent for much of the 70s, to nothing at all last year. The second involves recognising that the rate of pay rises in the U.S. is determined within a handful of powerful industries, including autos, coal, steel and trucking, where the companies are either so large and powerful or so generously regulated by the Government that costly pay rises are somewhat easily recouped through higher prices.

Moreover, claims Bosworth, the workers in these industries are largely protected from the inflationary impact of their settlements by cost of living agreements which compensate them for price rises. The aim of the guidelines is to put a bargaining curb on these industries, many of which are due to bargain this year.

Bosworth also acknowledges that there are two other aspects to the problem of inflation which the guidelines cannot do anything about but which the Carter Administration is trying to tackle. One concerns Government regulations which add to business costs. The other is "special interest legislation."

He claims that Congress has been slightly more resistant in the past two years. But it still needs to do more to combat the blandishments of special interest lobbies whose individual claims may add only 0.01 per cent to the consumer price index but whose aggregate impact is very much greater.

Though evangelical on behalf of the guidelines, Bosworth is quite prone to reveal that he is out of sympathy with some aspects of the Administration's economic policy. In a speech in New York in mid-month he speculated that the fiscal restraint which will reduce the 1980 federal budget deficit to less than \$30bn may have gone too far in pushing the U.S. towards a recession.

Without the guidelines, he seems to be saying the Carter Administration's anti-inflation policy will be bankrupt. Given the still fragile prospects of success for the guidelines, no member of the Administration would risk saying that.

WORLD TRADE NEWS

EEC and Japan fail to
agree GATT tariff cuts

BY GUY DE JONQUIERES, CHRON MARKET CORRESPONDENT

THE EEC and Japan have ended two days of intensive negotiations in Brussels without reaching agreement on the shape of the industrial tariff cutting package which they are seeking to conclude as part of the GATT multilateral trade talks.

The discussions, between the European Commission and a delegation led by Mr. Nobuhiko Ushiba, Japan's chief trade negotiator, were suspended late on Tuesday evening. According to EEC officials, some of the major points of difference between the two sides were clarified but little progress was made towards a compromise.

It is hoped that a further round of bilateral talks can be held in Geneva before long. But no date has been set, and as far as the EEC is concerned, the speed with which contacts can be resumed will depend on Japan's readiness to introduce more flexibility into its bargaining position.

In any event, the persistence of difficulties in the talks with Japan means that the Community is now unlikely to decide until the beginning of March at the earliest whether to

complete the GATT talks, since whatever agreements are negotiated by the Commission must be approved by EEC Foreign Ministers at one of their monthly council meetings. It is not expected that any package will be ready in time for the next meeting, on February 5 and 6.

Despite strong pressure from the EEC, Japan is still refusing to improve its initial tariff offer. This provides for cuts of more than 40 per cent on GATT bound rates, but because Japan unilaterally cut its tariffs several years ago, the effective reduction would be considerably smaller.

In particular, the Community is seeking substantially bigger tariff reductions for its exports of textiles, leather goods and processed foods such as canned meats and confectionery.

In support of these demands, the EEC has threatened to withdraw from its own offer proposed tariff reductions on a number of products of particular importance to Japan, including motor cars, tractors, film and certain electronic goods. If this threat were implemented, it

would leave the EEC tariff on cars at its current level of 11 per cent, instead of cutting it to about 7 per cent.

Mr. Ushiba is understood to have told the EEC this week, however, that he had no authority to offer concessions of the kind sought by Brussels. Instead, he suggested that the two sides should consider abandoning plans to negotiate a full-scale agreement and settle for a more modest "mini-package."

This proposal is unacceptable to the Commission, which is under strong pressure from EEC Governments to get Japan to liberalise its policies towards European exports.

On the Japanese side, one of the main objectives is to persuade the EEC to dismantle discriminatory quantitative restrictions applied against Japanese exports, either by the EEC or by member governments. The Japanese negotiators estimate that more than 50 categories of products are subject to these restrictions, which are most numerous in Italy and France.

Libya cuts oil price for Greece

BY OUR OWN CORRESPONDENT

LIBYA HAS agreed to supply Greece with 15.5m tons of crude oil in 1979/80—a third of Greece's total oil requirement—and to increase trade exchanges between the two countries to \$400m (£200m) a year, twice the level of last year's trading.

The Minister of Co-ordination, Mr. Constantine Mitsotakis, visited Libya from January 19 to 23 at the head of a Greek delegation.

Shortly before he left, he said the agreement to be signed in Athens in March, provides for the supply of 500,000 tons of crude in the second half of this year and 3m tons in each of the next five years.

It is the first time that Greece has contracted to buy crude oil from Libya and it will be sold at about \$3 a barrel cheaper

than from other Middle East suppliers.

In addition, Libya will be supplying Greece yearly with 50,000 to 100,000 tons of ammonia; 50,000 to 100,000 tons of methanol; and 50,000 to 100,000 tons of urea, as well as raw and semi-processed hides and skins.

In exchange, Greece is to sell Libya about \$200m (£100m) worth of goods a year, including tomato paste, fresh fruits, olive oil, canned fruits and juices, medicines, fertilisers, cement, bentonite, shoes, pipes and pipe fittings.

While in Libya, Mr. Mitsotakis and Libyan Secretary of Planning, Mr. Musa Abu Frawah, signed agreements on air transport, the employment of Greeks in Libya and their social

security, and the training of Libyans in the electricity sector by the Public Power Corporation (PPC).

A maritime transport agreement, under which Greek and Libyan ferry-boats would operate a Tripoli-Crete-Piraeus run later to be extended to Trieste, was also discussed.

The two sides also agreed to co-operate in joint ventures in the industrial, trade and tourism sectors.

The services of the Arabian Bank, established last year, will be used for the development of such co-operation. Also, a joint investment company, with Libya participating through the National Investment Company and the Greek side through the Hellenic Industrial Development Bank (ETDA) will be established.

UK plastics 'out of balance'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE UK's trading surplus on plastic goods is almost entirely dependent on the export efforts of manufacturers of plastic ships, boats and wallcoverings, according to a report published this week by the British Plastics Federation and the Rubber and Plastics Research Association.

The report, which analyses plastics processing trade figures, shows that in 1977 the plastic ships and boats industry had a trade surplus of £43.3m and the plastic wallcovering industry had a surplus of £29.2m. Yet the British plastics processing industry as a whole had a surplus of only £56.4m.

The British Plastics Federation said ships, boats and wallcoverings could not be counted as mainstream sectors of the processing industry. There was therefore considerable concern that these should play so large a part in maintaining the trading buoyancy of the industry as a whole.

The report shows that UK plastic product export prices tend to be higher than import prices. Export prices were higher than import prices for products accounting for 48.5 per cent of the total value of

trade. Export and import prices were equal for products accounting for 43.3 per cent of total trade.

Almost half the trade in plastic products had a negative balance came under the heading "other plastic articles not elsewhere specified."

The trade deficit in 1977 on this group of products was almost £25m and the British Plastics Federation has now applied for a Customs and Excise import disclosure so that it can find out exactly which items are included in this heading.

Wool textiles record

BY RHYS DAVID

EXPORTS by Britain's wool textile industry are likely to have exceeded £400m in 1978 for the first time, despite the continued weakness in demand for textiles in many important markets around the world.

Figures for the first 11 months released by the industry in Bradford yesterday show exports in November totalled £35.8m. This is an increase of £5.5m on the figure a year earlier and takes the total to £372.8m. In 1977 exports totalled £358m.

The main market for the industry's goods was Western Europe, which took 10.3m square metres of woolen fabric and 4.2m square metres of worsted fabric in the first 11

months of 1978, a decline in both cases on the figure for 1977. There was a big increase in sales to the Middle East, however, where the industry supplied an important order to Iran, and to the Far East.

Cloth exports in the first 11 months accounted for £158.7m of total sales, an increase of 15 per cent in value compared with the same period in 1977 and 3 per cent more in volume. Yarn exports at £86.7m were down by 5 per cent over 1977 and 10 per cent less in weight. Raw wool exports were down by 3 per cent at £42.6m, while earnings from tops (combed wool), at £48.8m, were down 8 per cent.

The main market for the industry's goods was Western Europe, which took 10.3m square metres of woolen fabric and 4.2m square metres of worsted fabric in the first 11

W. GERMANY'S EASTERN TRADE

More balanced pattern forecast

BY LESLIE COLTIT IN BERLIN

WEST GERMANY'S exports to Communist countries rose faster last year than overall West German exports for the first time since 1955 and an analysis by the Berliner Bank shows that a somewhat more balanced pattern of trade may be developing with the East.

West German exports, from January to September 1978 rose by a nominal 7.8 per cent over the same period in 1977 to all state trading (Communist) countries. Total German exports increased by 3.8 per cent in the first eight months of the year.

The rise in German exports to the East is called "extremely modest" compared with the early 1970s but it is welcomed as a sign the Communist countries want to reduce their level of indebtedness.

West Germany, which is the leading Western trading partner of all the Comecon countries, saw its surplus in trade with Comecon fall from DM7.9bn in 1975 to DM4.8bn in 1977 while it dropped a further DM650m to September 1, 1978. These figures do not include trade with East Germany as West Germany still treats this as inner German trade.

The reduction, however, did not prevent West Germany's surplus in trade with all Communist countries from reaching DM3.9bn from January to September 1978 which was the

same as in the eight-month period of 1977. This is largely attributed to West Germany's 81.8 per cent increase to China last year.

West German trade with Comecon countries to September 1 showed marked differences, with exports to Romania and Hungary surging ahead by 17.8 per cent and 16.5 per cent respectively while exports to Poland fell 11.9 per

cent and rose 2.1 per cent to the Soviet Union.

The Berliner Bank says that the latter two countries, whose deficits rose the fastest until 1976, are now doing the most to reduce them. Hungary and Romania, on the other hand, whose imports from the West were covered by exports to a larger extent, now see no need to reduce their trade deficits.

The Hungarian deficit in trade with West Germany rose in the first eight months of last year to DM 658m compared with DM 455m in the same period of 1977. Romania's deficit expanded to DM 407m from DM 365m.

Poland, however, and Bulgaria are said to sit neither of these patterns. "Prague's trade with the West is fairly well balanced, although not with West Germany, whose export surplus to September 1 last year was cut by DM 127m to DM 205m. Bulgaria, which imported double the amount it exported to the West, showed a remarkable

convergence in its indebtedness last year," the bank observes.

This year, the Berliner Bank says, the development of East-West trade will continue to be affected by the state of trading countries' indebtedness. The bank says their total indebtedness to the West has now reached a level of \$55bn.

If the Comecon countries can expand exports to the West at the rate they did last year, then Western exports to the area can increase despite a continued slow-down in the growth of Comecon trade deficits, the bank believes.

West Germany's trade with China, it says, is likely to continue developing strongly over a longer period. However, the analysis says German exports to China will experience the same abrupt slow-down as was felt in trade with East European countries.

Jubail to
get £150m
steel mill

By James Buchanan in Jeddah

SAUDI ARABIA'S programme for heavy industry at the new city of Jubail on the Gulf coast moved a step forward on Tuesday when the semi-State Saudi Basic Industries Corporation gave its approval for the construction of a \$300m (£150m) steel mill.

At a board meeting chaired by the Ministry and Electricity Minister, Dr. Ghazi Al-Agha, the Board approved the construction of the mill within six months.

Sabik will be the major shareholder in the plant, in partnership with Karl Stahl AG of Baden-Baden and DEC, a West German Development Agency.

The decision marks the final hurdle cleared for a project which has been under study since 1973. Originally expected, the plant is now set to provide 2,500 jobs, mainly in steel, concrete, reinforcing bars for the domestic construction industry. It will be Saudi Arabia's first large-scale project.

The mill will rely on fuel from Saudi Arabia's vast gas-gathering system now under construction in the Eastern Province. It will use the Advanced Direct-Reduction Process patented by Hilti Wülfel, which owns 70 per cent of Karl Stahl. The Kuwait Government holds the other 30 per cent.

Date set for
Qatar NGL
plant rebuild

By Denis Thomas in Bahrain

RECONSTRUCTION WORK on Qatar's first natural gas liquids plant, destroyed by fire two years ago, is to start next month.

The contractor, the JGC Corporation of Japan, which won the contract for the plant and associated tank storage by putting in the lowest bid—reportedly \$75m—is expected on site at the industrial town of Umm Said in February.

The new NGL plant will be identical in capacity to the one that was destroyed in April 1977.

It is due to be completed by mid-1980, about a year after the expected completion of NGL-Terco. The two plants will have a combined production capacity of about 7,000 tons a day of propane, butane and other natural gas liquids using the associated gas from its on and offshore oil field.

At the time of the fire, NGL One was insured for around \$65m, not in itself a major sum, but the biggest loss then recorded in the gas processing industry.

Investment in
Egypt studied

By Roger Matthews in Cairo

A DELEGATION from Emman Schneider, one of the largest industrial and commercial groups in Western Europe, has completed a visit to Egypt during which it studied a number of investment opportunities.

A spokesman for the delegation, which was led by Baron Emman Schneider, stressed that the trip had been made at the invitation of the Egyptian Government and was essentially exploratory.

Among the projects under consideration are housing schemes, port, construction roads, building, tramways, centres, food production, factories and a range of other industrial plants.

Senate
warns on
N. Korea

By David Buchanan in Washington

THE CONTINUED withdrawal of U.S. troops from South Korea is too risky, because new intelligence reports show an unexpectedly high North Korean military build-up, a Senate Armed Services subcommittee has warned President Carter.

U.S. intelligence, based on recent satellite and reconnaissance aircraft photographs, is crediting the North Koreans with ten more army divisions and many more tanks than previously believed.

President Carter in 1977 undertook to withdraw some 25,000 U.S. ground troops by 1982, leaving 16,000 air force and logistics personnel.

Senator Sam Nunn, who discussed his committee's findings with Mr. Carter on Tuesday, said the President was "very attentive" but non-committal about halting the U.S. pull-out.

Korea is certain to figure prominently in next week's White House talks with Mr. Deng Xiaoping (Teng Tsiang-ping), China's Vice Premier.

The Administration hopes China may use its influence with North Korea's President Kim Il-Sung to moderate North Korea's behaviour. One optimistic sign is North Korea's favourable response to recent South Korean overtures for resumed reunification talks.

Officials here are stalling on whether the troop withdrawals should stop, arguing that their intelligence analysis of North Korea is incomplete. They claim that North Korea, which is both politically isolated and militarily self-sufficient, is perhaps the world's hardest intelligence target.

Charles Smith adds from Tokyo: South Korea was said yesterday to be studying a North Korean proposal for a unification convention next September, in either Seoul or Pyongyang. The proposal, broadcast by Pyongyang Radio on Tuesday, followed a statement by President Park Chung-hee of South Korea last Saturday offering talks with North Korea "at any time, at any place and at any levels."

U.S. COMPANY NEWS

Profits advance at Shell Oil: Good fourth-quarter boosts Weyerhaeuser; General Foods upturn—Page 28.

Washington dilemma
over Mexican oil

BY DAVID LASCELLES IN NEW YORK

EYEING MEXICO'S fast-growing oil and gas reserves, the U.S. is facing a dilemma over whether to include them in its long-term energy plans, and if so, how.

The Administration, which caused an outcry last year by turning down a long-term gas supply contract with Mexico, takes the position that while it is reassuring to have such an energy-rich neighbour which is not a member of the Organisation of Petroleum Exporting Countries (OPEC), Mexican supplies would complicate rather than solve the mounting energy problems of the U.S.

Mr. James Schlesinger, Energy Secretary, told the Joint Economic Committee of Congress this week that Mexico's asking price for gas of about \$3 per 1,000 cubic feet was too high compared to the domestic price of about \$2.

He said that the country's other major gas supplier, Canada, would increase its prices to match any contracts signed with Mexico. This warning

gained substance from a simultaneous hint by Mr. Alastair Gillespie, Canada's Minister of Energy, that any Mexican contract would become a factor in a Canadian price review. Canada sells gas to the U.S. at \$2.16 per thousand cubic feet.

Mr. Schlesinger also told the congressional committee that while the U.S. estimated that Mexico's oil reserves could be as great as Saudi Arabia's (the largest OPEC producer), Mexico's production plans were not sufficiently large to affect the country's hold on prices. Production would reach only 2.2m barrels a day in the next few years, he said. This was a quarter of the Saudi level, and would not "break the OPEC cartel."

Mr. Schlesinger said he favoured further development of Alaskan oil and gas, particularly his pet project, the Alaskan gas pipeline. Denying widespread comment that the pipeline could never be economical, he said it promised to be "a bargain in the long run."

Connally enters race for
Republican nomination

BY OUR U.S. EDITOR

MR. JOHN CONNALLY, former Democratic Governor of Texas and President Nixon's Treasury Secretary, yesterday declared his candidacy for the Republican party's presidential nomination.

He thus becomes the second official runner, after conservative Congressman Philip Crane, of Illinois. Another likely contender and the pre-race favourite, Mr. Ronald Reagan from California, is in Washington this week consulting the Republican hierarchy before formally announcing his intentions. Others will soon be joining the pack.

It is hard to gauge Mr. Connally's chances. On the plus side, he looks and sounds like the Hollywood version of a president—silver haired and silver tongued; as good a political orator as there is in the business.

Going against him is that he is a relatively recent convert to the Republican party who has not actually run an election on his own account for 15 years.

Mr. Connally's connections with President Nixon will not help, nor will the fact that he was charged—and subsequently acquitted—with bribery and corruption in the so-called milk fraud case.

It was clearly with this in mind that Senator George McGovern, whom Mr. Connally helped defeat in 1972 when he ran the Democrats for the Nixon organisation, yesterday issued a blistering denunciation of his candidacy. "I wouldn't trust Connally within a mile of the White House," the Senator said.

John Connally combines the worst of both Watergate and Vietnam. He's the perfect symbol of the double-crossing politician.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6½% Sinking Fund Debentures due September 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on March 1, 1979 at the principal amount thereof \$1,162,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

Also Outstanding Debentures of \$1,000 each of Prefix "M" Bearing Serial Numbers:

On March 1, 1979, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof in public and private debt, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg or the main office of Societe Generale de Belgique in Brussels.

Debentures surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due March 1, 1979, should be detached and collected in the usual manner.

From and after March 1, 1979, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY

OF NEW YORK, Fiscal Agent

January 25, 1979

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

M 2607 2652 2738 2783 3107 4047 4196 4191 4221 13261 13261 14413 15036 15054 15053 15129

2652 2652 2652 2652 2652 2652 2652 2652 2652 2652 2652 2652 2652 2652 2652

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Building society rates structure 'must change'

By MICHAEL CASSELL, BUILDING CORRESPONDENT

URGENT CHANGES in the building societies' interest rate structure are needed to avert an impending crisis which threatens permanent mortgage shortages and more expensive home loans, says the Provincial Building Society.

Mr. Alan Mason, chief general manager of the Provincial, one of Britain's 10 largest societies, said in London yesterday that the movement was unwilling to "face up to some uncomfortable truths" about its future and that radical changes to its previously successful fund-raising formula were needed now.

He said societies faced a potentially critical situation in which a rapidly escalating rate of withdrawals in relation to assets, combined with steadily rising house prices, meant that their ability to satisfy demand for home loans would be seriously undermined.

He said that in 1978, the first £15bn. of receipts would be needed simply to meet withdrawals, double the 1975 figure. Last year withdrawals reached £12.5bn, accounting for 40 per cent of total assets held at the start of 1978, against a figure of 22 per cent in 1970. At the same time, £12bn would be needed by 1981 to finance the same number of loans made with £8bn in 1978.

Mr. Mason said societies' growth had been achieved by attracting more investors but that it now took five investors to finance one average loan against less than two in 1980. If the trend continued, he added, societies would "literally run out of people to save with them."

In calling for a widening of the present interest rate differential for savers and over-issuing loans, Mr. Mason said that in such a way as to compensate them according to the value of their account. Mr. Mason said that a 5% investment made for four days now received 3 per cent net interest

while a £5,000 sum for four years attracted only 1 per cent more.

While stressing that the societies would not want to stop handling small accounts, Mr. Mason said they could not continue to support the disproportionate and mounting costs involved in servicing what were effectively current accounts with a high rate of turnover and which made a relatively small contribution to total balances.

Part of the answer, according to the Provincial, is to overturn the concept of term-shares as "loss leaders" and to build up its ratio of longer-term stable money by offering better rates of return while giving less on the ordinary accounts, which now represent a major drain on resources.

The society says it has no fixed ideas on how different rates would be under the new system, which would have to be progressively introduced, although it has contemplated a rate of "current accounts" as low as 2½ per cent. It does not believe such a rate would lead to a loss of small investors, as many are anxious to qualify for a mortgage.

Mr. Mason added: "The time has come for positive action and to make clear the dangers of the present situation — one which contrasts with the general view that societies can continue to grow successfully along present lines. Solutions need to be discussed and introduced or the crisis will undoubtedly arrive."

Chinese shipyard deal won

By Our Shipping Correspondent

A BRITISH consultancy company has won a design and engineering contract for the modernisation of a Chinese shipyard.

The contract, signed by consultants A and P Appledore in Peking, is seen as the first step towards a series of big export deals for the British shipbuilding and marine equipment industries.

Mr. John Parker, British Shipbuilders' board member for shipbuilding, said the deal represented Britain's foot in the door for what was bound to become one of the biggest shipbuilding markets in the world.

Competition for the Chinese business, expected to involve modernising six yards and a possible tripling of the Chinese fleet, is intense.

Mr. Parker said the Japanese were offering free technical assistance to China. The contract with A and P Appledore, which is not part of British Shipbuilders' involvement in a small, undisclosed sum.

The job is to advise on modernising the Kwangchow Shipyard, Canton, which is China's third largest. It will involve exchanges of technicians between Britain and China and take four months.

A and P Appledore, which was recently taken over by its employees, was responsible for the design of two of Britain's most modern yards: Cammell Laird, Birkenhead, and Sunderland Shipbuilders' Pallion yard.

Rail strike ice problems likely to be repeated

By IAN HARGREAVES, TRANSPORT CORRESPONDENT

TRAIN DRIVERS on British Rail's Southern Region spent much of yesterday running ice-scraping trains which had just about restored a tolerable commuter service by 10 pm when another one-day national rail strike began.

British Rail admitted yesterday that if, as the Meteorological Office is predicting, harsh weather occurs again tonight, the symptoms will be repeated and Southern's morning commuter services virtually wiped out again tomorrow.

Because striking drivers had been unavailable to spray Southern's 3,100 miles of track

with anti-ice film on Tuesday night, they arrived yesterday morning to find some trains frozen to the lines and others without power because of thick ice on the system's ground-level conductor rail.

The only comfort for trainless commuters yesterday was that London Transport was accepting BR tickets for underground travel. This is not possible on strike days for fear that LT staff be accused of strike-breaking. Rail travellers need to bear in mind, therefore, the precise reason for the disruption of their travel arrangements before tendering their tickets.

Those who have weekly season tickets on BR are entitled to a refund for lost travel and those with tickets for longer periods may choose between a refund and an extension of the ticket. They are asked to wait until the end of the strike before declaring their preference.

Southern Region said yesterday, however, that refunds were only automatic in cases where the "whole service" had been cancelled, but it would be taking a "pretty generous" view of marginal cases. Heaven help the ticket office clerk whose generosity is found wanting.

Colorado base for Inmos' research

Financial Times Reporter

INMOS, the micro-electronic company set up by the National Enterprise Board, has established its U.S. headquarters in Colorado Springs, 60 miles south of Denver, Colorado.

The company will also establish a research and development base and a pilot production plant in the town.

Dr. Richard Petritz, Inmos' president, said yesterday that Colorado Springs was chosen partly because of its pleasant location—it is situated in the foothills of the Rockies—and partly because it is developing as a minor micro-electronics centre.

Two electronic companies—Hewlett Packard and Digital Equipment—have recently opened bases there.

Dr. Petritz said that Inmos had made "some outstanding acquisitions" for the core of its highly skilled staff. Details of these recruits, and on the size of the workforce, will be released next week.

The plant in the U.S. will develop many of the products which Inmos will later manufacture, especially those in the micro-memory field. After pilot production in the U.S., the products will be mass produced in the UK. It is thought that the Inmos Corporation, the U.S. side of the venture, will employ about 1,000 people.

Four production units are planned for the UK, employing 4,000. Earlier this week, the Prime Minister confirmed that these would be sited in development areas.

Coal sales rise of 40% forecast

By JOHN LLOYD

THE NATIONAL Coal Board has forecast a 40 per cent rise in UK coal sales by the end of the century, from 122m. tonnes last year to 170m. tonnes.

The growth in the market is in line with the Coal Board's production targets, and depends on optimistic assumptions, especially in the growth of the electricity generation and industrial markets.

The Board argued in a statement yesterday to the Commission on Energy and the Environment that "it will be highly desirable, on grounds of national energy policy, to provide for an increase in the use of coal from the mid-1980s onwards (complementing the expansion of nuclear power and measures of energy conservation), always provided that coal can be made available at prices competitive with international energy prices, particularly oil."

It forecasts that power station sales would increase from about 78m. tonnes last year to 80m. tonnes by the year 2000. Industry coal consumption would rise from 2m. tonnes last year to 40m. tonnes.

The planned nuclear expansion set out in the Central Electricity Generating Board's corporate plan for 1978 would add between 4,000 and 5,000 megawatts of nuclear capacity to the system every year throughout the 1990s.

The Board said this should be

trimmed back, so that nuclear stations took up only the increase in energy demand over the next 20 years.

On this scenario, coal would supply the fossil fuel needs of the generating boards, and would progressively take all of the market as oil and gas prices increased towards the end of the century.

The Board also said coal would become more attractive as oil and gas become more expensive. Its new combustion techniques—especially fluidised bed combustion—"will enhance coal's competitive position in this market."

Deep mined capacity should rise to 130m. tonnes by 1980, and to 150m. tonnes by 2000. This is a significant change in its previous forecasts, which called for 130m. tonnes of deep mined capacity by 1985 and 150m. tonnes by 2000. However, the Board does not make it clear if the 1985 target has been dropped.

Production on opencast mines would be expanded to about 15m. tonnes.

The European Commission has said that the National Coal Board will play a big part in sustaining Common Market coal mining.

In a review of mining investment, the Commission said that the UK was investing £437m in the current year on capital projects — more than any other European country.

Lloyds Bank to start share issue scheme

By TIM DICKSON

LLOYDS BANK yesterday announced a new profit-sharing scheme, involving the issue of shares, for its longer-serving UK employees. It will benefit those of the 23,000 employees with five years' continuous service and will supplement the bank's existing cash-only profit sharing arrangement approved in 1977.

Foster Brothers, the clothing retail group, has revealed further details of its first profit-sharing scheme approved by shareholders on Tuesday.

Both companies are taking advantage of provisions in the 1978 Finance Act which granted important tax concessions to employees under profit sharing schemes.

Lloyds and Foster Brothers have received official blessing

from the Inland Revenue which is looking at schemes submitted by about 30 other companies.

Last year's Finance Act allows employees realising shares after five years but before seven years to pay income tax at their appropriate individual rate on 50 per cent of the original value. After seven, but before 10 years, the percentage drops to 25 per cent and if the shares are held for 10 years or more no tax is paid. Under these concessions the value of shares per person is limited to £500.

Foster's scheme will apply for the year to February 28, 1979 and, according to the company, each employee's share will be about 6 per cent of basic pay.

Hill Samuel director leaves executive duties

By MICHAEL LAFFERTY

MR. VICTOR WOOD, a senior director with Hill Samuel, the London merchant banking and financial services group, has given up all executive responsibilities in the group.

Mr. Wood had been chief executive of Hill Samuel Broking and Consulting Services, the second largest of the group's three divisions, for several years.

He said last night that he was leaving "for personal reasons" and added: "I have never had any ambitions in Hill Samuel beyond what I have already achieved."

Mr. Wood, 53, said he had always regarded 55 as the age

to stop executive duties. He had decided to bring it forward during a recent illness, from which he was now fully recovered.

He is the second senior executive to give up executive duties at Hill Samuel in the past year. Early last year, Mr. John Elton resigned as chief executive of the merchant banking division for family reasons.

Mr. Wood also holds directorships of Haslemere Estates, Coalite and Chemical, and the English Insurance Company.

He will remain on the Board of the Hill Samuel Group, but will seek other non-executive and part-time positions.

Brittains calls Receiver to paper subsidiary

By JOHN MOORE

BRITAINS, the Staffordshire-based paper group with interests in engineering and insurance, has called in the Receiver to its Brittains Paper subsidiary.

The company manufactures speciality products such as carbon and cigarette papers mainly for export. Brittains said yesterday that the subsidiary at Cheddleton, near Staffordshire, had operated at an increasing rate of loss "due to excess

capacity" in world paper markets which had "led to a slide in selling prices."

It had also been hit by the lorry drivers' dispute at a time when the company's Cheddleton factory was undergoing massive reorganisation.

Equity Capital for Industry, which last year injected £2m into Brittains, said yesterday that, as a result of the closure, the group's export effort would be "markedly diminished."

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FT 6

Department of Energy

UK NEWS

Bank 'failed to act' over Crown Agents

BY TERRY OGG

SIR CLAUDE HAYES, former chairman of the Crown Agents, has alleged that "the Bank of England did not take any, or sufficient steps to ensure that the Crown Agents conducted their banking affairs prudently at all material times."

Mr. C. Rankin, QC, representing Sir Claude, said that a letter was sent to the Treasury Solicitor in October, 1978, drawing the tribunal's attention to the special responsibilities of the Bank of England towards the Crown Agents.

The letter followed a request from the tribunal to parties to the hearing that they should indicate any allegations they might have or intended to make against other parties to it.

Mr. Rankin said: "We put it this way: First, it [the Bank] was banker to the Crown Agents; second, as the Central Bank and agent of the Treasury in the market place it had a responsibility to ensure that the Crown Agents conducted their affairs prudently, so as to ensure

that the credit of the UK was not impaired.

"It would appear from the limited material documents that are available and without yet having heard any relevant evidence, that the Bank of England failed to discharge these responsibilities in that... and this is the relevant one... the Bank of England did not take any or sufficient steps to ensure that the Crown Agents conducted their banking affairs prudently at all material times."

Receipt of the letter was acknowledged by the Treasury Solicitor, who indicated it had been referred to the tribunal for consideration.

Sir Claude was chairman of the Crown Agents from 1968 until his retirement at the end of September, 1974. His tenure of office covered the bulk of the period of interest to the tribunal.

Its specific brief is to inquire "to what extent there were lapses from accepted standards of commercial or professional conduct or of public administration in relation to the operations

of the Crown Agents as financiers on own-account in the years 1967-74."

The matter was raised by Mr. Rankin when seeking the tribunal's approval to attempt to establish through Mr. Peter Sly, a former real estate investment manager at the Crown Agents, that the Bank of England knew of the existence of comfort letters given by the Crown Agents to some lenders to a Crown Agents subsidiary, English and Continental Property Company.

"Comfort letters are not an allegation against Sir Claude Hayes," Mr. Rankin said. "I raise it because it is relevant to Sir Claude Hayes' allegation—if I can use that word—against the Bank of England."

Mr. Justice Croom-Johnson, the tribunal chairman, asked: "Am I right in thinking that all you wish to do at this stage is to establish, if you can, through Mr. Sly, that the Bank of England knew about the existence of comfort letters?"

"That is as far as it goes at this stage," Mr. Rankin replied.

Lloyds Bank calls for duty index

Financial Times Reporter

THE Chancellor should index the specific duties on petrol, alcohol and tobacco and the higher income-tax bands to the rate of inflation in the next Budget, argues Lloyds Bank's economic bulletin, published today.

Mr. Christopher Johnson, the bank's economic adviser, argues that this would help to preserve the balance between direct and indirect taxation, and lessen some of the disincentives of an "anomalous" tax system.

In the longer-run the aim should be an income-tax system with a more gradual and evenly spaced progression of rate bands, and with a lower top marginal rate.

Mr. Johnson concludes: "If increases in tax are required they should be obtained by raising the rates of income-tax, VAT, or other taxes, not by failing to offset the effect of inflation on the existing structure of taxes."

GLC 'needs wider powers'

SIR FRANK MARSHALL last night defended his report on the Greater London Council, which recommended that the council should be given a strategic planning role with wider powers for transport, health care, public utilities and other services.

Sir Frank was speaking at a meeting of the Royal Town Planning Institute in London. Echoing comments made in his report on the GLC published last year Sir Frank said that because of a growing public feeling of the remoteness of government in general it was necessary to clarify the lines of responsibility between local, metropolitan and central government and to ensure that each tier had enough resources to fulfil its duties.

In some instances the powers of London's borough councils needed to be strengthened, but the GLC should retain and expand its role as a higher tier of local government catering for cross-borough services and providing a strategic planning function.

UK air fares 'would drop if regulation was ended'

BY LYNTON McLAN

BRITISH domestic air fares would fall quickly if price regulation was ended by the Civil Aviation Authority, MPs were told yesterday.

The fare for flights between London and Glasgow, now £35 single, would fall to £20 if the practices and productivity of U.S. domestic airlines were applied in Britain, the Air Transport Users' Committee said.

There was no case to be made for any regulation of UK domestic air fares, Mr. Robin Jessel, a member of the AUC told the Commons trade and industry sub-committee which is investigating fares.

The AUC made recommendations on air fares and other aspects of the service to passengers through the Civil Aviation Authority. But one of the greatest obstacles preventing it making a firm case for lower fares was its inability to gain confidential information on costs from the airlines.

Sir Archibald Hogg, AUC chairman, said that all U.S. airlines were compelled to publish

their costs. "We want to see similar rules in Britain that would enable judgments to be formed about each airline."

He said that the lack of information meant that even the CAA had difficulty in defining an efficient airline. British domestic air fares were up to twice those for similar distance routes in the U.S. Low productivity was one of the main factors contributing to higher UK air fares, he added.

Productivity among U.S. domestic airlines was at least 26 per cent higher than in British domestic airlines. The most efficient U.S. domestic airlines carried over five times as many passengers for each employee as the best British domestic airline.

But British airlines also used unsuitable and uneconomic aircraft for many domestic routes. The Trident bought by British Airways said yesterday that the airline was working on a five-year plan based on the assumption that the world air transport industry would not be regulated after 1986. He said this would be "strange territory for the airline."

British airlines also made excessive use of agents to sell tickets. Twice as many air tickets sold in Britain compared with the U.S. involved the payment of commission.

British domestic air passengers also subsidised travellers on international services connecting with European flights through London. The international traveller paid less than the normal fares for flights on-ward from London.

The CAA is preparing a review of air fare policy in Britain, which may lead to the removal of regulation in domestic airlines. The paper, "Domestic Air Services: A Review of Regulatory Policy," will be published early next month as a basis for discussion.

Mr. Roy Watts, director of finance and planning for British Airways said yesterday that the airline was working on a five-year plan based on the assumption that the world air transport industry would not be regulated after 1986. He said this would be "strange territory for the airline."

Hillards to sell 17 stores in South

By Our Consumer Affairs Correspondent

THE northern-based Hillards supermarket chain is pulling out of limited-range discounting in the south after less than a year of trading.

Hillards acquired 17 stores in southern England from Key Markets last June, and planned to use them as a base for expansion into the southern market—generally regarded as more profitable than the north. The stores, trading as Capital Discount, offered between 500 and 1,000 basic grocery items at cut prices, compared with the several thousand stocked by normal supermarkets.

Hillards said yesterday that it had sold seven of its stores, and negotiations were continuing on the sale of the remaining 10. It is understood that the stores, which are between 3,000 and 6,000 sq ft, have not been sold to another supermarket group.

The company also said that its financial results, due to be announced early next month, "will show a substantial increase in profits."

Furnace lining industry 'could save energy'

Financial Times Reporter

BRITAIN'S REFRACATORIES industry, which makes high temperature furnace linings, could cut its fuel consumption by 25 per cent through waste heat recovery, according to a Department of Energy report.

The industry's 40 companies, which have a turnover of £120m, could save enough energy to centrally heat about 80,000 homes a year.

The report, presented at a seminar on energy saving organised by the National Federation of Clay Industries, is the fourth of the Department's Energy Audits. Others dealt with iron castings, brick making and dairies.

Corby seeks assisted area status to beat jobs crisis

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A STRONG plea that Corby should be given assisted area status by the Government was made yesterday by Mr. Frederick Harris, leader of Corby District Council.

Unemployment in the town was already running at 9 per cent, and if the British Steel Corporation closed any of its steel-making operations the figure could rise to over 17 per cent, he said in London.

"Corby is a pocket of unemployment in an otherwise prosperous county. We need to prepare ourselves for any calamity and the need to take action now is essential."

Mr. Harris was presenting a report, Employment and Industrial Development in Corby, prepared by Coopers and Lybrand Associates, and commissioned by the district council. Corby Development Corporation and Northamptonshire County Council.

Its £24,000 cost was jointly

financed by the three authorities, the Government and the EEC, which put up £10,000.

The report says that there are two overriding needs if Corby is to overcome its problems. In addition to "the overdue grading to assisted area status" something should be done to improve communications, particularly the east-west road linking the town to both the M1 motorway and the A1 trunk road.

There should also be more appropriate training policies and moves to overcome the problems school leavers face in finding work. Corby is one of the areas of the country where the birth rate is still rising.

If any part of the steelworks is closed as a result of rationalisation by the BSC, a special executive should be set up and it should take over many of the responsibilities of the development corporation. The report is dominated by

the overwhelming influence of the steel industry on the new town. BSC accounts for half the workforce of just over 24,000 but in the early 60s its share was about 70 per cent.

The report states that over the next five years Corby needs at least 500 new jobs a year to cater for the growth in its labour force, and work for those now jobless, and offset any future closures.

Datsun prices rise by 10%

DATSUM is increasing the price of some models by up to 10 per cent from February 1. The top-selling Cherry two-door saloon will go up by £200 to £2,499 and the Sunny two-door model will cost an extra £240 to £2,899. The biggest increase is £580 for the luxury 280-C saloon at £6,174.

BBC seeks cash advance to stave off insolvency

BY ARTHUR SANDLES

CONSIDERABLE rises in BBC receipts from publishing activities and the sales of programmes abroad have proved to be little compensation for a steady overall drift into debt. This is confirmed by both recent corporation statements and the BBC annual report and accounts published yesterday.

The BBC is approaching the Government for some aid in handling its present cash difficulties. Even with the recent increase in the licence fee (from £21 to £25 for a colour set) the corporation is moving towards its £30m borrowing limit. It is seeking some sort of advance of licence money to avoid financial embarrassment.

The annual report indicates

that in the year to March 1978, profit on Radio Times went up from £1.2m to £2.3m, and profit on sales of programmes abroad went up from £2.2m to £3.1m. However, these are minor sums compared with the £172m spent on television against £148.6m in the previous year.

Radio costs rose from £58m to £66.6m. All these figures exclude capital expenditure.

The BBC has had another go at the recent Governmental habit of giving short-term licence fee increases. "We said in our previous report that anything less than two years, itself a dangerously short period, was cause for alarm, and still that is our conviction."

"What we needed were licence fee settlements at levels which would allow us to plan well ahead. Five years would be ideal because that is the period of our rolling budgets. Three or four years would make practical sense," say the Governors.

They add: "Feeling as we do about the importance of the licence fee system we want to avoid seeing it degenerate into a kind of grant-in-aid doled out at annual intervals. We believe that the Home Office agrees with us in wishing to avoid that degeneration."

BBC Handbook, including the annual report and accounts, £2.50.

Tight money 'not enough' to win inflation battle

BY DAVID FREUD

CONTROL of the money supply alone will not be enough to hold down the rate of inflation, according to City stockbrokers Phillips and Drew.

In its latest circular the firm says that one of the chief factors supporting the securities markets during the industrial disputes has been confidence that as long as the money supply is kept under control any rise in the rate of inflation is likely to be temporary.

On a monetarist analysis there are three ways a tight

monetary policy could act on the economy when prices surge.

It could encourage companies to bring in funds from abroad, or retain them in the country when they would otherwise have moved them overseas, to finance expansion. This would tend to result in a stronger pound, which would moderate price inflation.

The firm argues that the evidence in the U.K. does not back up this prospect. There was no demonstration that "the linkages between high credit

demand, tight money supply policy and a firm pound on the exchanges, resulting in a reduction in the rate of inflation of import costs, operate in practice."

Alternatively, a tight monetary policy might affect the rate of growth of output through cuts in public spending, tax increases or high interest rates.

Finally, high inflation rates might encourage people to save more, cutting consumer expenditure in real terms and reducing the rate of growth.

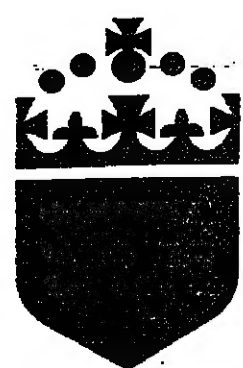
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Extra oil reserves 'pose technical difficulties'

BY MAURICE SAMUELSON

IN ADDITION to the UK's known recoverable reserves of offshore oil, there were "several billions of barrels" west of the Shetland Isles, and "some billions" in the mid-North Sea, Lord Kerton, chairman of the British National Oil Corporation, said yesterday.

But he told the Commons select committee on the nationalised industries that recovery of the oil posed great technical difficulties and the industry was not yet certain about how it could be done.

Marine conditions west of the Shetlands, as well as in the South West Approaches, were worse than in the North Sea. The difficulties in the mid-North Sea were geological.

Lord Kerton, during his evidence was asked by Mr. Edwin Wallwright, Labour MP for Darnley Valley, and chairman of the corporation's sub-committee whether he rejected the widely held view that North Sea oil would be exhausted quickly.

Taxes

Lord Kerton said that if the other reserves proved impossible to exploit, the industry would have to develop smaller, scattered reserves. In the North Sea events had vindicated his earlier claim that the exploration "bonanza" was over. Of 25 fields being developed, only Beatrice had been discovered since 1975.

Accompanied by two other

Corporation officials, the chairman of the State oil company also gave evidence about the BNO's finances and administration and about the Government's North Sea oil policy.

Petroleum Revenue Tax would, perhaps, fall more harshly on marginal North Sea oil fields, but even after taxes the very profitable fields still yielded profits of 35-45 per cent. Mr. Jerry Evans, the corporation's managing director for policy, said that even though some major companies had not taken part in the sixth round of offshore licensing bids, the corporation expected to have some good partners when the Government announced its allocations.

Some companies had been unhappy about the system of application rounds and the Government was thought to be considering a different method of allocating exploration sites, said Mr. Evans.

On BNO's financial performance, Lord Kerton said that a profit would be shown this year, and it would increase steadily over the next two years. Although originally founded with 90 per cent Government loans, less than four years ago, it had since benefited to the tune of £30m through commercial borrowing, which had not been reported to Parliament.

Asked whether this was not "off balance sheet financing" and an evasion of the Act of Parliament which created the corporation, Lord Kerton said



Lord Kerton
Gave evidence.

that such finance was well within the Act's borrowing limits.

The Government had sought legal advice on the corporation's practice of making "forward sales" in the U.S., and had been told they were not reportable to Parliament since they did not constitute a loan in legal terms.

It was also in accordance with Parliament's original wish that the corporation should "act in a commercial way."

Defending the corporation's

technical competence, since its creation almost four years ago, Lord Kerton said that it could now "hold its own" with the best advice the Government could receive.

Among areas in which its forecasts had proved more accurate than those of other oil circles were the development of the Thistle and Ninian fields, and the time and cost of building the Sullom Voe oil terminal.

Generous

Two years ago, it had also rightly forecast that profits at the Statford oil field would be disappointing. In its hope for a bonanza, the Norwegian Government had added too many conditions and Statford's development costs had been almost double those of any other North Sea field.

The corporation had 1,040 staff and might eventually reach 2,000, Lord Kerton said. Salaries and pension schemes were generous in order to attract people with professional qualifications. The corporation contributed 23 per cent of an employee's pension compared with 5 per cent by the employee.

Remuneration had to take account not only of the salaries available in other companies but also those of manual workers on oil platforms who earned £10,000-£12,000 a year. Even so, BNO's salary rates were beginning to fall behind those of the private oil industry.

Motor cycle sales fall by 10.4%

By Kenneth Gooding,
Motor Industry Correspondent

MOTOR CYCLE sales fell 10.4 per cent last year compared with 1977 according to Department of Transport statistics published yesterday.

But the market was still being distorted by a decision, effective from August 1977, requiring manufacturers to limit the maximum speed of mopeds—motor cycles under 50cc—to 30 mph. There was a build-up of sales as a result before that date.

Last year, registrations of mopeds fell from 85,690 to 56,570, a drop of just under 34 per cent.

For motor bikes over 50cc the market was reasonably stable at 172,832 compared with 170,408 in 1977, a modest 1.4 per cent rise.

According to the Motor Cycle Association, however, demand for machines under 200cc—still the largest sector of the market—was disappointing while sales of the bigger models showed healthy percentage increases.

Mr. Hugh Palin, president of the association, forecast better overall sales in 1979—"perhaps by as much as 7 per cent to achieve 240,000 registrations."

Doctors support compulsory seat belts Bill

By Paul Taylor

THE British Medical Association yesterday urged all MPs to support a Government Bill making the wearing of seat belts in cars compulsory.

In a letter to MPs, Dr. James Cameron, chairman of the Association's council, stressed the increasing number of young people killed or crippled in road traffic accidents and drew attention to the burden such accidents placed on the health service.

He said the proportion of front seat passengers wearing seat belts in Britain was "far too low."

The Bill, introduced by Mr. William Rodgers, Transport Secretary, is due to be published today.

Surplus capacity and imports 'hit carpet industry'

BY RHYD DAVID, TEXTILES CORRESPONDENT

OVER-CAPACITY and increasing imports are likely to pose continuing problems for the UK carpet industry, postponing any recovery until at least 1981, according to a new survey.

It points out that the industry's current capacity levels were planned on the basis of the 12 per cent growth rate achieved before 1973, but that growth has slowed to only 1.5 per cent. Though retail volume growth may increase to 2.5 per cent, the industry in the UK may grow at a slower pace mainly because of the big increase which has taken place in imports.

Until 1975, it notes, imports held only a 6.7 per cent share of the market with half of all imports coming from the Republic of Ireland. "In 1975 and 1976 Denmark began to emerge as a UK supplier followed by Belgium and now in 1978 other EEC countries, notably the Netherlands and Germany have all begun to replace Eire. There is now some indication that the U.S. is looking actively at the UK market, which with a weak dollar must be of concern for the future," says Mr. David Buck, author of the report.

Imports have doubled since 1973 from 10.3m sq metres to 21.4m sq metres, increasing their share of the market from 7.3 per cent to 14.2 per cent, greatly reducing the price advantage once held by UK producers of tufted carpets, now 70 per cent of all sales.

The report, by stockbrokers Laing and Cruikshank, forecasts further rationalisation and closures within the industry and believes this will help to restore profitability after 1981 by bringing

ing about the necessary reduction in surplus capacity. An increase in the number of companies going into receivership, particularly within the woven sector, is also predicted.

Specialities

Exports are thought to have been increasingly important to profits and are seen as likely to play a large part in any recovery, though in the short term volumes may decline. The trend, however, will be towards the export of speciality exports, particularly of woven carpets, with local producers able to satisfy demand for mass-market tufts.

The report concludes that there are still too many small companies in the industry, and it believes another big group should be formed to rival Carpets International with sales approaching £100m, and market capitalisation of at least £20m. It calls for a rationalised group specialising in high-priced high-quality carpets with target export sales of at least 40 per cent.

The industry is urged to diversify itself of many of its overseas subsidiaries which are seen as a drain on management and financial resources and a threat to direct imports. Productivity must also be improved to help counter imports.

The report says that there should be Government assistance towards closure of outdated and inefficient production—along the lines of the recent wool textile industry scheme—to reduce the industry's over-capacity.

IBA offers local radio contracts

APPLICATIONS for contracts to operate independent local radio services for the area of Gloucester and Cheltenham and the Peterborough area will be invited by the Independent Broadcasting Authority in the next two weeks. The closing date for applications will be about 10 weeks later.

The authority will seek contractors capable of combining popular programming with fostering public awareness of local affairs and with involvement in the communities they will be serving," the authority said. Details, including the prospective coverage of the stations, will be available when the invitations to applicants are advertised.

Credit card plan for Co-op shoppers

By Our Northern Correspondent

THE CO-OPERATIVE Bank is to launch a national credit card for Co-op members using its stores. It will be valid for a wide range of goods.

To be called Handycard, it was announced by Sir Arthur Sugden, chairman of the bank, at the topping out ceremony yesterday of the bank's new £5m head office in Corporation Street, Manchester.

A pilot scheme for the card will be tried in the Midlands during the spring and this will be extended gradually to the whole country by the end of the year.

Two forms of service will be available to Co-op store customers—term accounts, which are designed to replace existing hire purchase and credit sales business; and budget accounts, which will provide a credit card service through which customer loyalty can be steadily built up.

Success

Sir Arthur said that the name Handycard had been chosen because of the success of the Handybank network, which together with banking services in over 4,000 Co-op stores during normal shopping hours, often including Saturday service.

Timing of the proposed launch and other details about the card, which is to be processed by Barclaycard, are still being finalised. Consultations have been held with retail co-operative societies, which have shown a desire to take part.

The seven-storey new bank headquarters is being built by Henry Boot Construction and is due to be opened early next year. The Co-op Bank says its customers increased by over 15 per cent last year.

A public banking hall and offices for the Manchester branch will be on the ground floor, with head office departments and an executive suite above.

Aid for multiple sclerosis study

THE MULTIPLE Sclerosis Society collected about £750,000 towards research last year, more than £200,000 over its 25th anniversary appeal target, Mr. Gilbert Macdonald, the society's chairman, said in London yesterday.

Although the society had doubled its revenue in the past year, Mr. Macdonald warned that more cash would still be needed for research into multiple sclerosis, the most common organic disease of the central nervous system.

Report urges compensation for blunder by Ministry

FINANCIAL TIMES REPORTER

CRITICISM by the Ombudsman that the Department of Transport had failed to fulfil its duties under the Land Compensation Act over a road improvement scheme in South-East London have been upheld by a House of Commons Select Committee.

The Select Committee said it agreed with the findings of the Ombudsman—the Parliamentary Commissioner for Administration—that there had been "a degree of defective adminis-

tration" by the Department "which had resulted in injustice."

The Ombudsman had found that residents near Rochester Way in Bexley had not been properly informed of their possible rights to compensation under the Land Compensation Act 1973, arising out of a road development scheme.

The Department has refused to allow the complainants to make late claims for compensation and says it does not con-

sider the cases are "sufficiently exceptional" to justify making ex gratia payments to them.

The Select Committee concluded: "The complainants have suffered injustice for which they should be compensated, either by an extra-statutory payment or, if the Department remains of the view that such payments would be improper, by amending the Land Compensation Act so as to enable these claims to be considered."

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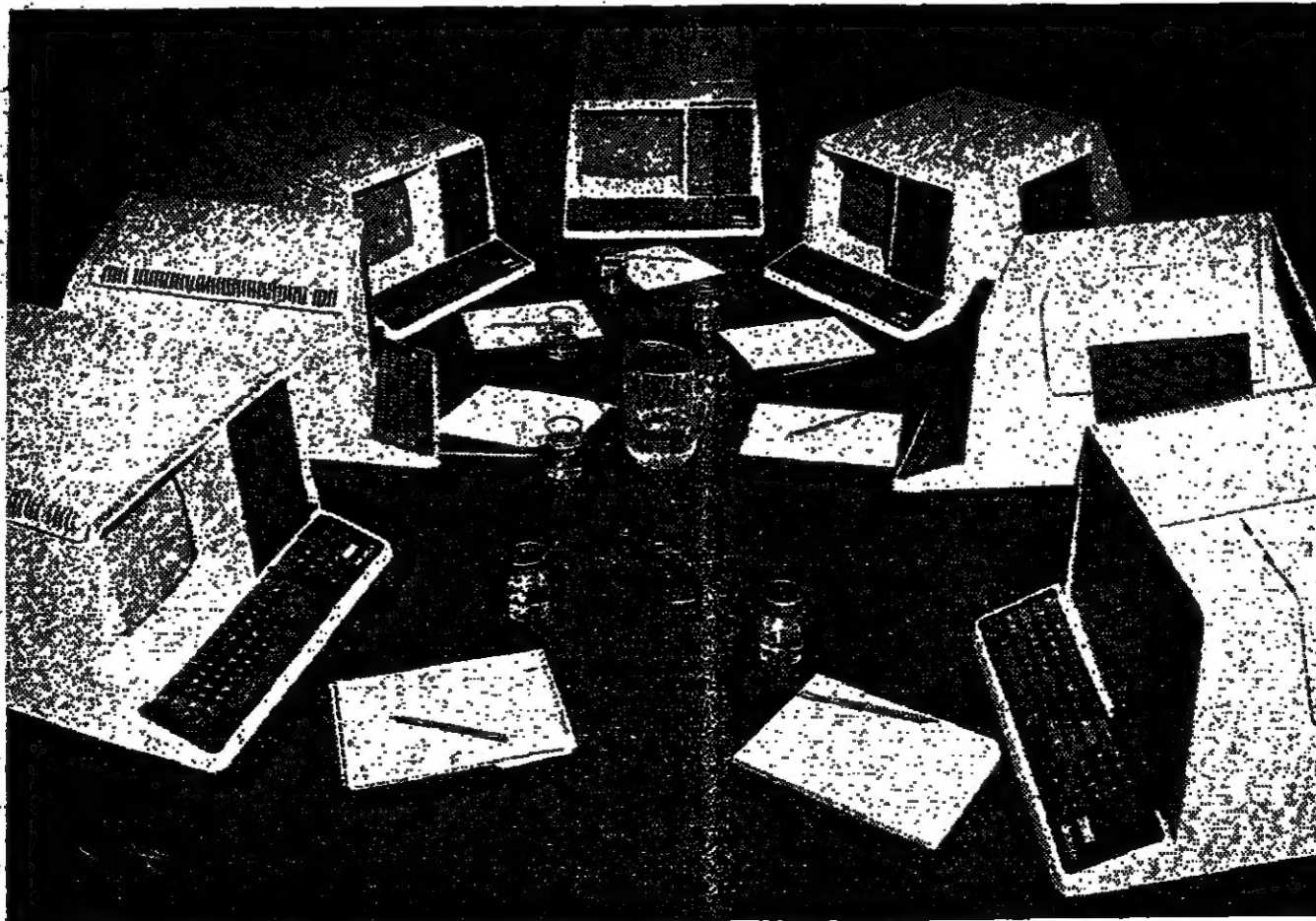
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Times unions issue newspaper

By Alan Pike, Industrial Correspondent

TRADE UNIONS involved in the Times Newspapers dispute are publishing their own newspaper—the Times Challenger—today in an effort to present their case to the public.

The publication will be issued free at main line railway stations and some newsagents as well as through union organisations. Initially, 100,000 copies are being printed.

The Challenger contains in its 16 pages a substantial amount of advertising, mostly from other unions and political organisations.

Mr. John Mitchell, London print branch secretary of the National Society of Operative Printers, Graphical and Media Personnel, said yesterday that advertisements were already being taken for a second issue. Many members of the public appeared to believe that the Times newspapers were failing to appear because their workers were on strike. The unions hoped that the Challenger would explain the correct position, Mr. Mitchell said.

All publication of the Times, the Sunday Times and the three Times supplements has been suspended since November 30. The company says that it will not resume publication until it obtains agreement from all unions on new industrial relations procedures and the introduction of computer-based composition.

More than 3,000 staff who have not signed new agreements with the company have received dismissal notices.

The unions say in an editorial in the Challenger that they do not reject negotiations or the idea of a timetable for them, provided that it is a "realistic timetable" and mutually agreed.

Printing survey

IN THE SURVEY of the Printing Industry published last Tuesday (January 23), the article on Page 12 on the unions and the new technology was incorrectly attributed to Mr. Pircus Jasper. It was, in fact, written by Pauline Clark of our Labour Staff.

Civil servants' union threatens strike

BY PHILIP BASSETT, LABOUR STAFF

MEMBERS of Britain's largest Civil Service union have voted overwhelmingly to take industrial action if the Government fails to implement in full the 15.20 per cent pay rises that the union estimates are due to its members based on the results of an independent comparability exercise with outside industry.

The voting by the Civil and Public Services Association together with the 95 per cent support given to a programme of industrial action by the second-largest union, the Society of Civil and Public Servants, will increase pressure on other Civil Service unions representing traditionally less militantly-minded grades to give full support to the planned concerted campaign by all nine civil service unions.

The staff side of the Civil Service National Whitley Council, which negotiates for the 600,000 non-industrial civil servants, will meet next week when the CPSA will press for

the unions to strengthen their pay campaign.

The Civil Service unions, whose pay settlement date is April 1, have set up a firm fighting fund to back their projected campaign.

First reports from the independent Pay Research Unit indicated that the average rise needed for middle-grade civil servants would be 25.30 per cent, with clerical staff, mainly represented by the CPSA, due for rises up to 20 per cent and some administrative staff rated at between 25 to 30 per cent.

The Government has committed itself to basing this round's Civil Service pay settlement on the unit's findings, subject to incomes policy.

The CPSA, which has said that it would prevent the Government from governing "by industrial action" if the PRU results were not fully implemented, confirmed yesterday after receiving most of its PRU reports that rises of between 15-20 per cent would be due to its 180,000 members.

Mr. Ken Thomas, general secretary, said: "We will be looking to the Government to give us assurances that the free collective bargaining that now applies in the private sector should apply to civil servants by allowing them to bargain on the results on PRU reports."

About 73 per cent of the 608 branches of the union which took part in the ballot on industrial action voted support. A membership breakdown, though, showed closer voting, with 47,911 in support and 23,062 against.

The union's executive has drawn up a "tentative" programme of industrial action. The main effects of a one-day strike, selective strikes or an overtime ban for CPSA grades would be the payment of social security benefits.

Concerted industrial action by all the Civil Service unions would have more widespread effect on Government computer centres, VAT and tax collection, defence and Customs and Excise establishments.

Picketing again eases at ports

BY LYNTON MCLEIN

MORE imported cargoes were moved from Britain's ports yesterday amid signs that picketing had again eased.

Imported bacon and butter were moved freely through picket lines at Grimsby and more Ford cars from Germany were transported out of Hull.

There was also more movement of cargoes at Southampton, where pickets allowed a cargo of Spanish onions and apples to be moved today.

But on Teesside picketing intensified and there was no movement of heavy lorry traffic in or out of the port.

The semi-automated steel handling plant at the port still operated yesterday, but on reduced output as resolute pickets refused to allow company-owned lorries inside the port.

In South Wales, bananas, tea, coffee and butter shipments were moved out of local ports and at Bristol, haulage was almost back to normal, although there was still no movement of cargoes by members of the Road Haulage Association.

Exports

At Tilbury, trading was almost at a standstill. Many containers were moved by barge yesterday as attempts were made to retain some space on river wharves and dock sides for export cargo, which will dominate traffic when the strike is over.

At Goole, on the Humber, there were no pickets and at Immingham the roll-on roll-off ferries were operating almost as normal.

But at Garston, Liverpool, there was still heavy picketing and ships containing steel, phosphate and chemicals were unable to discharge.

While effects of the lorry drivers' strike eased at Chrysler yesterday, they worsened at BL. Chrysler UK recalled 220 workers laid off last week at Dunstable when the heavy truck plant ran out of axles, and imported Chrysler vehicles have continued to move through Newhaven docks.

At BL, total layoffs have reached 8,000 after yesterday's expected decision affecting 1,500 workers at the Cowley car body plant. They are employed on the body build lines for the Marina, the Maxi and the Princess.

At the Cowley assembly plant 6,100 workers have been laid off, and more are expected.

Food pipelines fill as drivers lift blockades

BY CHRISTOPHER PARKES

DEPLETED FOOD supply pipelines began filling yesterday as pickets further relaxed their stranglehold on factories and depots.

The blockade outside Van den Bergh and Jurgens margarine factory at Purfleet, Essex, was lifted yesterday afternoon.

Drivers not involved in the hauliers' dispute immediately began to distribute the 6,000-tonne stockpile of margarine, fats and cooking oil which had built up since the pickets moved in three weeks ago.

The margarine and oils industry was one of the first to be affected by industrial action and shop supplies have been scarce in many parts of the country for a fortnight.

Picketing continues, however, at the company's other main factories at Bromborough in the Wirral.

Findus, the frozen food company, recalled the 273 staff it had laid off from its Hull fish factory following the first landings of fresh fish at the dock for five weeks.

Birds Eye also confirmed that its main products like fish fingers and frozen peas were once again being distributed to shops. Deliveries were "more or less normal," it said.

Frozen food supplies, along with deliveries of canned goods, have been particularly severely curtailed by the drivers' action. Kellogg's breakfast cereal plant in Manchester has started

work again, although output is only a fraction of normal.

The Food and Drink Industries' Council reported that the overall outlook was marginally brighter, although there were considerable worries about supplies of packaging.

Paper and board mills were having to store output and were unable to take in pulp for further production.

Difficulties are increasing, however, for the meat trade. Scotch beef has not been available in England for about three weeks and reserves of New Zealand lamb are rapidly running out.

Shoppers were advised by Dewhurst, the High Street retail chain, to shop early this week and to get the best choice. Prices are steady and rising, but may even be cheaper in the next few days.

Animal feed, hauliers who are members of the UK Agricultural Supply Traders' Association have been sent windscreen stickers signed by UKASTA and the National Farmers' Union, proclaiming: "Priority Transport Agricultural Supplies."

The Association said that the stickers had been "accepted" by the Transport and General Workers' Union office in London, which had promised to pass the word on to regional committees.

It hoped that the identification of bona fide farm supplies would help eliminate hold-ups at the picket lines.

New Cabinet lead on public sector pay lifts peace hopes

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT yesterday sent local authority employers new guidance on terms of reference for a comparability study which could lead to a formula for solving public service pay problems.

The setting-up of a public inquiry into pay comparability in the long term between local government and health employees would not alone end the industrial action by manual workers in Britain's 456 local authorities.

Mr. Charles Donnet, national organiser in the General and Municipal Workers Union, said yesterday that the unions would continue to press for the "going rate" in seeking a settlement for the 1.5m public service workers involved this year.

The unions are not committing themselves to a figure, but they have pointed to the 15 per

cent offer rejected by lorry drivers.

Any progress towards establishing a comparability study for the group would be likely to have a bearing on any resumed negotiations on pay between local authority employers and the unions.

The two sides plan to meet again on Tuesday when the Government's new proposals are likely to be discussed. Meanwhile employers have initiated in exploratory and informal talks with union leaders that they may be prepared to increase their previous 5 per cent offer to between 8 and 9 per cent.

The National Union of Public Employees claimed yesterday that early indications from the ballot among its water workers pointed to rejection of the recent 14 per cent pay offer.

Attention on the Government's public sector pay problems will turn today to the miners when the National Coal Board makes a firm offer in response to a claim for increases of up to 40 per cent.

The Board will set its offer in the context of a long and detailed exposition of the economic state and prospects of the industry at a meeting this morning with National Union of Mineworkers' negotiators.

In addition to the pay aspects of the claim, the union is seeking a four-day week and wants the settlement to run for only eight months. This would take the miners back to their traditional November settlement date. Mr. Joe Gormley, union president, has not completely rejected the possibility of a 20-month settlement to achieve the same objective.

Staff lay-offs begin at Safeway depot

THE SAFEWAY supermarket chain yesterday began laying off staff from its distribution depot in Warrington, Lancashire, because of intensified picketing in support of the lorry drivers' strike.

The lay-offs started yesterday in spite of appeals by the company to both the Government and the Transport and General Workers Union to remove the pickets.

But the men have defied the new code of practice, an secondary picketing and have increased the number of people blocking the depot.

Safeway was unable to say how many workers were laid off yesterday, but the depot has about 100 employees, and provides groceries for 23 Safeway stores in the North and partially for the 17 Scottish stores.

There is unlikely to be any closure of the Safeway stores in the North because the company will service them from its southern and Scottish depots. Pickets also remained outside Tesco's northern depot at Worsley in Cheshire, in spite of local union appeals.

Elsewhere, Tesco, Sainsbury and the other supermarket multiples reported that picketing had been eased at distribution depots, although only about half the normal supplies were getting through.

Drivers back £60 pay offer in mass protest

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A SIX-MILE convoy of lorries travelled down the M6 to Birmingham yesterday in a demonstration by drivers against the road haulage strike.

The 230 vehicles were only a quarter of the expected total, but drivers complained that colleagues had been deterred by unofficial threats of disciplinary action by the Transport and General Workers' Union.

The demonstration began at Penrith. The lorries carried make-shift "We Want to Work" banners and hooted as they passed towns.

At Birmingham they were diverted off the motorway by police and drew up in columns on an unfinished and snow-packed section of the M42.

There were no meetings or speeches before the return journey began.

This is just a spontaneous demonstration by drivers who want to return to work but the union won't let them, said a haulage company chief who joined the convoy.

Drivers said that pickets had noted all the vehicles involved. The constant theme of the drivers was that they would be happy to accept the national offer of £80 for a 40-hour week and return to work while negotiations continued.

Ulster trains disrupted

BY OUR BELFAST CORRESPONDENT

INDUSTRIAL ACTION by several groups of workers brought more disruption in Ulster yesterday particularly on the railways.

Train services were severely cut as signallers and conductors continued an unofficial work to rule and overtime ban for the third successive day.

Their action is in defiance of instructions from their union,

the Dublin-based National Association of Transport Employees. Three unions are in dispute with Northern Ireland Railways over pay.

The General and Municipal Workers' Union has already served 21 days strike notice.

Meanwhile, hospital auxiliary workers and some nurses in two areas of the province walked out to stage protest marches.

North West fears export customers are losing confidence

By Rhys Davis, Northern Correspondent

COMPANIES in the North West of England are now expressing increasing concern over the quantity of export goods being held up because of the lorry drivers' strike, and many are warning that it could lead to a complete loss of customers' confidence.

The CBI in Manchester said yesterday that according to its survey, exports worth at least £100 million have been blocked at the ports of factory gates. The situation ranged from "serious" to "critical" to "catastrophic".

Among the companies reporting export delivery problems are Chloride, the Manchester battery manufacturer which has goods worth £2m held up. Serious problems are also facing a number of smaller companies.

J. Nicholls, which supplies large quantities of its Bisto drink from its Manchester factory to the central counties in the Midlands, says it is losing export orders worth £12,000 a day. So far the company has exports worth £50,000 held up.

UK industry already has a bad reputation for delivery in many parts of the world, and the present delays could result in trade being diverted permanently to overseas competitors.

Action

A letter urging action to safeguard exports was sent to the Prime Minister yesterday by Mr. W. P. Little, the chairman of the North Western Export Club.

There were few reports of any relaxation of the strike's grip in the North West. In Liverpool the strike committee cancelled all dispensations to hauliers for the day as a mark of respect for the pickets killed in a Dublin lorry crash.

Food supplies in the area remain satisfactory. However, although there are now warnings that some prices could soon rise because of the higher cost of feedstuffs for animals and poultry.

Ambulance services are still being disrupted throughout the region, although even on Merseyside have joined colleagues in Greater Manchester and Cheshire in agreeing to accept emergency calls.

Manchester Airport also reopened last night after the TFWU agreed to allow a stand-in for a stream whose holiday caused the closure of the airport earlier this week.

About 800 water workers also returned to work yesterday, after being on unofficial strike since Monday in the Ribbles division of the North West Water Authority.

Rising cost are worrying South West

By Robin Rees, Welsh Correspondent

THE HAULIERS' strike is continuing to threaten employment in the South West. British Cellophane said yesterday that about 3,000 workers would be laid off tomorrow at its Bridgewater plant unless chemicals arrived from Manchester.

But both in the South West and Wales, vital raw materials have been turning up at the last moment, stories are rife of vital lorries allowing into factories in the middle of the night or through side entrances.

At the same time, the CBI reported growing concern at the additional cost of keeping going for many managements—£5 to 10 per cent is being reported in some instances—productivity is dropping sharply as workers slow down to avoid further loss of raw materials and lay-offs.

Yesterday, Leyland Pressings, the BL subsidiary, announced a further 100 layoffs at its Llanelli plants. Total layoffs in Wales are put at above 11,000. In the south west, the figure is still under 1,000.

A Successful 1978

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Badische Kommune Landesbank

bakola reports successful 1978

1978 at a glance (+)

(in dm million)

balance sheet total	17,415
due from banks	6,068
securities	2,508
due from non-banks	8,055
due to banks	6,977
due to non-banks	1,221
own bearer bonds	8,262
capital and reserves	486

+) preliminary results as at 31 december 1978

Badische Kommunale Landesbank (BAKOLA), one of Southwest Germany's leading banks, achieved good results in 1978. The balance sheet total grew from DM 16.4 billion to DM 17.4 billion, an increase of 6.3%. Together with domestic loans and securities business, lending to foreign financial institutions and government entities contributed substantially to this growth.

At year's end, the Bank increased its capital by DM 70 million to DM 350 million.

Our international activities continued to develop favorably in 1978. Already in its first full year of operations, Badische Kommunale Landesbank International S.A. — our wholly-owned Luxembourg subsidiary — turned in remarkable

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(West Germany)

Management 'must co-operate on safety'

BY PHILIP BASSETT, LABOUR STAFF

MANAGEMENT must match trade union efforts to bring about real improvements in workplace safety, a report by the Health and Safety Executive said yesterday.

The report, Health and Safety: Manufacturing Industries, 1977, shows that the number of fatal accidents in factory processes fell again in 1977 from 382 the year before to 357, the lowest figure this century.

It examines the initial impact of the appointment in October of trade union safety representatives at workplace level under the Health and Safety at Work Act 1974. The provisions constituted the closest involvement yet of trade unionists in their own working safety.

Mr. Jim Hammer, Chief Inspector of Factories, said that health and safety was the one area of industrial relations where there was the opportunity for co-operation in pursuit of a common aim.

Effective joint consultation between employers and trade unions had to be held and management must match trade union efforts on the issue.

Managements were too often ignorant of how well or badly their own safety policies are being implemented in their companies. Poor information, which was a constant surprise to factory inspectors, was partly to blame, but mostly it was management's own failure to monitor properly safety performance.

The report details the case of a food industry group whose head office was unaware that its individual companies had been prosecuted for safety offences 20 times in five years.

Until the group was presented with a safety analysis by factory inspectors, it had believed its safety record was reasonably good. Mr. Hammer said that the office would not have been

so slow in checking the financial or marketing performance of its individual companies.

First reports from area directors of the factory inspectorate showed that employers were splitting broadly into two groups: those who were facing squarely up to the issue and those who avoided it until they were legally obliged to accept it.

The number of deaths in all manufacturing industries was 178 in 1977, an increase of three on the 1976 figure. The incidence rate of fatal accidents per 100,000 people at risk was 3.4, the same as the 1976 figure. The total number of reported accidents rose from 181,065 in 1976 to 187,283 in 1977.

Deaths in the construction industry — traditionally one of the most accident-prone — fell in 1977 from 156 to 130. Total reported accidents fell from 36,139 in 1976 to 32,831 in 1977.

Health and Safety: Manufacturing and Service Industries, 1977. Health and Safety Executive SO 42/78.

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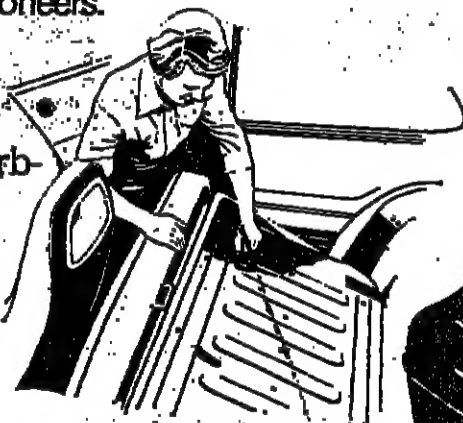
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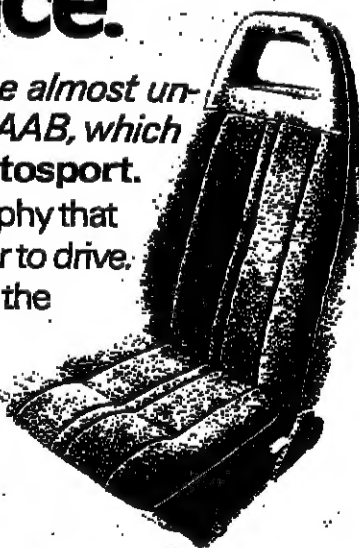
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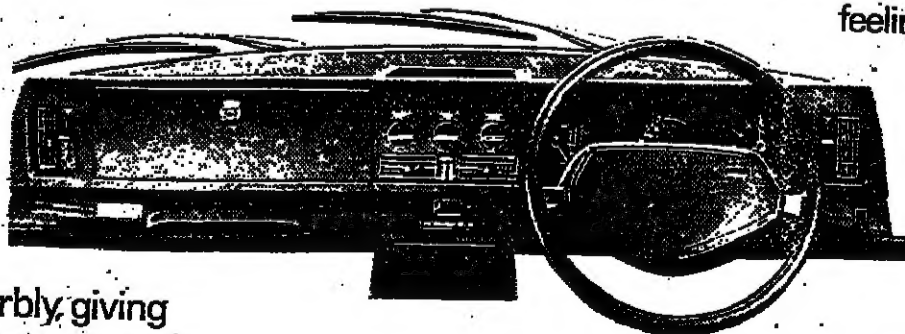
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UK NEWS — PARLIAMENT and POLITICS

Bankers' policies spurned

By R. Evans, Lobby Editor

A LEADING Labour back-bencher yesterday strongly criticised Mr. Gordon Richardson, Governor of the Bank of England, for recent speeches he has made advocating strict adherence to the Government's money supply targets and to fiscal restraint policies.

Mr. Bryan Gould, MP for Southampton Test, argued in a statement that the policies "being foisted on the Labour Government by the Governor are the main cause of our present difficulties."

He said the country was now seeing the full extent of the price that had to be paid in terms of falling manufacturing output, rising unemployment and social and economic conflict, for giving priority to the prejudices of bankers.

The Government had now applied the full gamut of monetarist policies urged on it by the Governor.

Yet even with the great advantages of North Sea oil and three years' cooperation from the trade unions over pay, the only prospect the Governor could offer was a further tightening of the monetarist screw, with even tighter money, falling manufacturing production and higher interest rates.

"It is time that a Labour Chancellor and Cabinet had the courage and intellectual self-confidence to tell the Governor to mind his own business and that policy will henceforth be made in the interests of the real economy," Mr. Gould declared.

Major decline in production likely if drivers' strike continues, says Home Secretary
Rees guarantees delivery of essentials

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN will soon face a major decline in production if the road haulage strike continues, Mr. Merlyn Rees, the Home Secretary, warned yesterday in the latest Government crisis statement.

Only a continued easing of picketing and a sustained improvement in transport could now prevent such a decline in the near future, he told MPs.

Mr. Rees rejected demands from Mr. William Whitelaw, Opposition deputy leader, that the Government should now introduce tougher measures.

The Home Secretary maintained that the time still had not arrived for the declaration of a state of emergency.

The flow of supplies at the moment was a good deal better than it would be under emergency regulations.

During the exchanges, there were signs that Labour back-benchers are becoming seriously worried about the effect on the electorate of the current rash of strikes.

Mr. Arthur Palmer (Lab. Bristol NE) congratulated the Government on its refusal to succumb to panic measures.

But he added: "The people of this country, including millions of Labour voters, expect firm leadership from the Government at this difficult time."

Mr. Edward Lyons (Lab. Bradford) described it as a case of working people and their families being damaged by the action of other working people. He urged the Government to stress this aspect in discussions with the unions.

Mr. Rees said that on the industrial front, the movement of goods had not generally improved, despite a slight relaxation in the effects of picketing.

Production generally was holding up so far, although there was considerable loss of production in industries such as steel, chemicals, glass and packaging.

If this persisted, it would cause cumulative problems throughout the rest of industry. Layoffs continued to increase and had now reached about 100,000. There were growing problems of cash flow and supplies, particularly for small companies.

The Home Secretary was very concerned about essential medical and pharmaceutical supplies. In some instances, drugs — including those for cancer patients — were not getting through.

This was unacceptable and the Government had worked out fresh emergency arrangements with the Transport and General Workers' Union to prevent such bottlenecks.

If these arrangements were not quickly effective, then the Government would arrange for these supplies to be moved. Tory MPs wanted to know whether this would be done by the use of troops but Mr. Rees refused to elaborate.

The position on food was unquestionably getting better, he reported. Stock levels were not only being maintained but were rising in some areas. The supply of animal feedstuffs remained adequate.

From the Opposition front bench, Mr. Whitelaw agreed that Mr. Rees's statement was not complacent but he thought that it indicated a very serious and deteriorating situation.

This brought shouts of dissent from the Labour benches, but Mr. Whitelaw pointed out that the Home Secretary had warned of a major decline in production.

"If that is not a serious and deteriorating situation, I would like to know what is," he said angrily.

Rees told him that on Tuesday night the Government had drawn up a list of essential medical supplies that must get through.

Mr. Donald Stewart, the Scottish Nationalist leader, reflected wittily that the Government appeared to have gone into hibernation until the weather improved.

His sentences skidding furiously into one another, Mr. Rees made a brave but unavailing effort to show some movement.

The Government had decided its priorities, he asserted. With co-operation of the unions, it was getting more supplies through the picket lines than it could be declaring a State of Emergency.

The Government's responsibility was to maintain essential supplies and it would carry that out, said Mr. Rees. The Commons would continue to get its statements.

Changes on danger viruses

LABORATORY safety regulations are to be tightened up following the report on the smallpox outbreak at Birmingham University last summer.

Mr. David Ennals, Health Secretary, announced in the Commons yesterday.

The incident led to the death of a medical photographer, Mrs. Janet Parker.

The results of the inquiry by Professor Reginald Shooter were released earlier this month by Mr. Clive Jenkins, general secretary of the ASLMS, who decided to publish the report while it was still being held back by the Government pending proceedings against Birmingham University under the Health and Safety at Work Act.

The report recommended changes in safety regulations for laboratories handling dangerous pathogens and Mr. Ennals said yesterday that the Government accepted the substance of the report.

Mr. Ennals said that current voluntary arrangements must be strengthened and made statutory to provide the fullest safeguards both for those working in laboratories and for the public.

In future, laboratories handling certain pathogens would have to give details of their proposed work. Laboratories dealing with Category A pathogens would be reviewed annually.

"No system of control and safety arrangements can be 100 per cent foolproof."

But the tragic events in Birmingham have revealed that constant vigilance is needed to safeguard those in laboratories as well as the wider public.

"The changes I have announced will help to prevent what happened in Birmingham happening again."

The Shooter report recommended that work with smallpox virus should not be carried out in densely populated areas and that work previously carried on in St. Mary's Hospital Medical School, Paddington, should be restricted.

MPs fight avalanche of words

BY PHILIP RAWSTORNE

MORE disruption in the Commons yesterday as the blizzard of Government statements—the ninth in eight days—continued.

The industrial chaos was again covered in a thick blanket of words. Tory gritting operations had little effect; there was virtually no movement from the Government.

One Labour MP claimed ambiguously that the position had "drastically improved" but Mr. Merlyn Rees drift hardly amounted to progress.

The Home Secretary descended on the despatch box in a flurry, but most of his points appeared to have been frozen for three days at least.

Some priority supplies were still being held up, he said. There were severe problems at the ports. Lay-offs were increasing.

"Only a continued easing of picketing and a sustained improvement in the transport situation will prevent a major decline in production in the near future," he added.

In fact, things were serious and getting worse, responded Mr. William Whitelaw.

The bleak outlook contrasted sharply with the Prime Minister's fine words, he declared.

When was the Government going to get the country running again? "This is too serious to wait for further delay."

Mr. Rees spun helplessly on the spot, desperately trying to keep a grip on the icy complacency.

Mr. David Steel pushed through the hooting jam of Tory protestors to add his demands for action.

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BONDS SELLING FOR REDEMPTION																									
41	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
42	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
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47	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
48	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
49	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
50	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
51	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
52	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
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54	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
55	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
56	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
57	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
58	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
59	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
60	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
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62	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
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64	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
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66	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
67	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
68	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
69	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
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71	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
72	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
73	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
74	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
75	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
76	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
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78	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
79	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
80	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
81	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
82	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
83	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
84	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
85	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
86	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
87	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
88	1688	5230	4987	8775	8584	10428	12452	12754	15936	17288	18327	21201	22660	24554	26497	28317	29899	32670	34489	35989	38798	40648	42514	44316	46156
89	1688	5230	4987	8775	8584	10428	12452																		

CONTRACTS

Post Office places £1m orders for electronics gear

ORDERS worth about £1m for radio paging and terminal extension units have been placed by the Post Office with MOTOROLA ELECTRONICS, the U.S.-based communications group. The order is for 5,000 Motrax pagers, with an option for a further 5,000 at a later date.

JOHN LAING CONSTRUCTION has been awarded a £2m contract to fit out a new store for Debenhams in Blackburn. The 90,000 sq ft store shell, which was built by Laing under a separate contract, is a major part of the commercial redevelopment of central Blackburn being developed by Laing Properties in partnership with Blackburn Council and the Co-operative Insurance Society.

Two orders worth \$500,000 for "Vibrol" vibrating rollers have been received by STOUTHEART AND FITT from Isis Plant and Edison Plant.

BICC GENERAL CABLES has been awarded a \$400,000 contract by Dubai Natural Gas Company to supply cables for on shore/off shore natural gas gathering and separation plant being built at Jebel Ali, Dubai. Linked with the Dubai contract, BICC General Cables has also won a \$300,000 order to supply instrumentation and thermocouple cables to McDermott Hudson Engineering, the managing contractor with responsibility for the gas gathering project. BICC POWER CABLES (Wrexham) SUPER TENSION CABLES (Bristol) and BICC COMPONENTS (Preston) have been awarded a \$500,000 contract to supply 15 kV, 33 kV low voltage PVC insulated power and control cables plus associated cable joints and accessories to Bharat Heavy Electricals, India, for the electrification project at Wadi Jisan, Saudi Arabia.

A \$250,000 contract to supply the Royal Navy with single side band marine radiotelephones has been placed with RACAL MARINE.

FOUNDRY EQUIPMENT INTERNATIONAL, a member company of the Aurora Group, has been awarded a \$194,000 contract from Castings for a sand plant for its new foundry.

Chrysler United Kingdom has placed a \$78,000 order for REOL-FON COMPUTERS. The \$400 data entry system is to be configured with eight terminals with memory and controller capacity for up to 48 terminals and has a

central processor with 5MB disk, 600 lpm printers, 300 cpm card reader, and IBM protocol communications.

The furnace division of WELLMAN INCANDESCENT has an order worth over £100,000 for a gas-fired, pusher type, mould-heating furnace for A. E. Turbine Components, in Yorkshire. The furnace will heat loose-backed shell moulds to 1,050 deg. C prior to vacuum casting. It will provide the customer with additional capacity for the production of precision cast turbine components for aero engines.

Remote handling equipment built by VICKERS NUCLEAR and worth £200,000 has been commissioned at Oldbury nuclear power station. The equipment, designed, built and installed by the Swindon-based Vickers nuclear engineering division, will be used to renovate radio-active shield plugs. Lead shielding, an integral part of the installation, provides protection from radiation for the operator.

An advance factory of 450 sq metres, worth about \$94,000, for the Development Commission at Leeming Bar Industrial Estate, Northallerton, is being built by WALTER THOMPSON (CONTRACTORS), Northallerton.

Avis Rent-A-Car UK has ordered 140 MERCEDES-BENZ automatic saloons, models 250 and 280 SE, for its main self-drive fleet, at a cost of £1.4m.

An order worth over \$500,000 has been placed with PLESSEY EAE by Mesa Eastern Inc. for a telecommunications package for the Beatrice oilfield platform complex 20 miles south of Wick in the Moray Firth. The package will include interplatform-shore multi-channel line-of-sight communications facilities linked with an onboard telephone exchange, together with a public address and entertainment system as well as safety of life at sea equipment.

Two contracts worth over \$250,000 have been awarded to the design and project division of the VICKERS DESIGN AND PROJECTS DIVISION. One, from Sim-Chem, is for copper busbars and connectors to be used in the modernisation of the BP Chemicals chlorine plant at Sandbach, Cheshire, and the other has been placed by China Light and Power Company, for the supply of gas turbine connections at the Hoi An installation in Hong Kong.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem. played	Vaca.
1977							
3rd qtr.	104.3	103.1	106	104.3	234.3	1,413	151
4th qtr.	104.8	102.6	106	104.4	239.4	1,431	187
1978							
1st qtr.	107.1	102.4	108	106.3	246.0	1,409	188
2nd qtr.	111.1	105.0	106	108.0	254.5	1,387	213
3rd qtr.	111.6	105.3	112	110.8	267.5	1,340	213
August	112.1	105.9	109	111.8	270.3	1,392	209
Sept.	111.9	104.7	130	109.5	266.4	1,378	219
Oct.	109.9	102.9	106	108.6	267.2	1,360	228
Nov.	110.1	103.4	109	109.9	269.1	1,339	231
Dec.			113.0	113.0		1,331	231
1979						1,339	236

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Hous. starts
1977							
3rd qtr.	104.3	98.5	118.4	99.6	107.8	101.3	23.4
4th qtr.	104.9	97.4	114.3	98.4	91.4	100.1	20.7
1978							
1st qtr.	105.3	99.4	116.3	100.4	95.5	97.9	17.8
2nd qtr.	107.9	99.0	122.9	100.4	108.4	101.2	27.1
3rd qtr.	107.3	100.8	123.7	101.7	102.1	102.5	22.8
July	106.0	101.0	125.0	101.0	113.0	103.0	23.6
August	109.0	101.0	123.0	103.0	93.0	103.0	20.3
Sept.	107.0	104.0	123.0	100.0	101.0	101.0	24.5
Oct.	106.0	95.0	121.0	97.0	99.0	100.0	24.4
Nov.	106.0	97.0	124.0	96.0	95.0	101.0	20.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade	Resv. US\$bn.
1977							
4th qtr.	117.8	102.7	-5	+591	-657	102.4	20.29
1978							
1st qtr.	119.5	114.1	-635	-406	-637	104.3	30.62
2nd qtr.	122.0	110.3	-115	+133	-393	104.6	16.75
3rd qtr.	125.3	116.1	-334	-408	-507	103.3	16.58
4th qtr.	126.1	115.1	-49	-408	-507	106.1	15.77
August	124.1	111.3	-49	-155	-96	105.7	16.4
Sept.	123.1	120.8	-233	-128	-191	105.5	16.51
Oct.	127.4	111.9	+100	+220	-123	103.3	15.97
Nov.	124.6	120.2	-186	-66	-161	106.6	15.67
Dec.	126.7	113.0	+126	+246	-188	106.3	15.60

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (Em); building societies' net inflow, HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1	M3	Advances	DCE	BS inflow	HP	MLR
1977							
3rd qtr.	280.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	232	12.6	3.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	61
2nd qtr.	8.5	15.7	24.5	+2,857	64	1,393	19
3rd qtr.	16.8	5.3	8.6	+530	748	1,427	19
August	10.1	4.2	15.7	-292	209	493	10
Sept.	10.8	5.2	8.6	+712	348	476	10
Oct.	13.8	5.4	1.9	+540	363	469	10
Nov.	12.3	10.6	9.9	+110	261	505	124
Dec.	4.8	8.4	8.3	+753	254		124

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices, and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matts.	Wholesale	RPI	Foodst	Comdy	Strig.
1977							
4th qtr.	119.9	122.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	61.6
2nd qtr.	129.9	146.3	151.5	195.8	203.5	242.27	61.5
3rd qtr.	133.2	144.9	154.8	199.2	206.2	252.74	62.4
4th qtr.	147.0	147.0	157.3	202.6	208.0	257.69	63.0
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.2	153.7	200.2	206.3	253.74	62.7
Oct.	135.2	145.7	156.6	201.1	205.5	265.22	62.5
Nov.	136.0	147.5	158.3	202.0	207.0	263.82	62.5
Dec.				204.2	210.5	257.69	64.0

* Not seasonally adjusted.

ROBIN REEVES REPORTS ON WELSH DEVELOPMENT AGENCY ACTIVITY

Public enterprise with the Valleys at heart

THE HEADQUARTERS of the Welsh Development Agency are to be found, symbolically, not amid the lawns of Cathays Park, Cardiff's administrative centre, but near Pontypridd, on the Treforest industrial estate.

Treforest, established just before the war, was the great white hope of industrial South Wales, a new means of attracting modern manufacturing industry to the coal mining valleys to absorb the massive unemployment of the 1920s and 1930s.

Similar high hopes surrounded the birth of the WDA nearly three years ago. In common with its English and Scots equivalents, the National Enterprise Board and the Scottish Development Agency, establishment of the WDA was not without controversy.

The Conservatives were deeply hostile to its public enterprise role. But to many other people, Wales seemed at last to be getting an economic development instrument with the teeth and resources to make a big impact on the country's economic problems.

Today, the WDA is firmly entrenched as a feature of the Welsh economic and political landscape. The Conservatives have not only dropped their original threat to abolish the Agency, and its country cousin, the Development Board, for Rural Wales, if returned to power, but are full of praise over the way the WDA has approached its task of bolstering the Welsh economy.

Criticism tends to come from the left, from trade union and nationalist circles. The Agency is attacked for being over-cautious and behaving simply as the "hand maiden" of private industry.

In particular, critical comparison is drawn with the record of the Scottish Development Agency.

Over the same period, the SDA has established 18 wholly-owned subsidiaries, of which three have collapsed, whereas the WDA, so far, has only one majority holding—in a new Wrexham company making automatic ticket vending machines—and three failures to its credit.

If the WDA was doing its job properly, the argument goes, it would be taking more risks and have a "better" failure rate.

But Mr. Ian Gray, the WDA's managing director is unmoved by this criticism, and demands that the WDA draw up a grand strategy for the Welsh economy.

A Scot, he also knows Wales well having been the Department of Trade and Industry's man in Cardiff during the 1960s before returning to his present post after a five year spell running Skelmersdale Development Corporation.

"The SDA and ourselves are both trying to get to heaven, but by different paths," he says. He points out that Scotland has traditionally had a much wider manufacturing and engineering base than Wales, where the economy, until very recently, had been predominantly heavy industry.

This different economic structure, he suggests, has kept a reservoir of management talent in Scotland, working in medium size firms and sensitive to entrepreneurial opportunities. In Wales, on the other hand, local management talent has either been absorbed into the Prince-

short of projects in which to invest its money.

But with the fall-off in recruitment by Wales's traditional industries, notably steel, and the increased diversification of the Welsh economy, the WDA's managing director is confident more Welsh entrepreneurs are

The removal of thousands of acres of slag heaps and the cleaning of derelict land began in the aftermath of the 1966 Aberfan disaster under the direction of the Welsh Office. Now a WDA responsibility, it has transformed the environment in large areas of South and North Wales. Together with greatly improved communications, it has undoubtedly been of key importance in attracting new industry.

But the WDA's most publicised incentive has been a massive advance factory building programme. In this financial year, it will have spent no less than £32m—double the expenditure of the previous two years—building industrial estates, factories and extensions, notably in the two areas hit by BSC's steel closure programme, Cardiff and Ebbw Vale.

There was a time when the building of advance factories and estates was highly controversial. Many lay empty during the 1960s—arguably because they were built in the wrong places for political reasons.

But lessons were learnt and in Wales at least any misgivings over this approach were finally scotched by the decision of Ford to site its new engine plant at Bridgend. Ford was in a hurry and the availability of a WDA site for immediate development was clearly a key factor in the company's choice of South Wales. In general, industry seems to be getting used to the idea of leasing the bricks and

mortar, thereby leaving more capital for investment in plant and machinery.

On the investment side, the WDA has been content to pursue a policy of—in the words of Ian Gray—"a rather adventurous merchant bank."

At the last count, the Agency's stake in Welsh industry had built up to £94m in 120 companies. A little over half were accounted for by loans totalling no more than £1m, channelled through the WDA's small businesses unit.

An analysis of its big investments (£100,000 and over) shows that some 44 per cent has been in the form of equity capital while the rest is made up of various loans.

The investment packages are tailored to suit individual company's requirements, and many are a mixture of equity purchase and loan.

The Agency sees its increasing equity portfolio (which is so far showing a handsome profit) as an important contribution towards a serious weakness in Welsh industry.

If Wales is to provide jobs for its expanding labour force—a 100,000 increase is due between now and the mid-1980s—and offset the decline of its traditional industries, then growth must be increasingly generated from within. The WDA is clearly going to be central to this task, whoever turns out to be its political master.

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Before we designed the 305, we asked potential buyers what they were looking for in a family car. The answer came loud and clear: "A modern, stylish, comfortable, economical quality car—comprehensively equipped." Armed with this information, we set to work.

We used the latest materials and technology and produced an engine manufactured from light aluminium alloy as this reduced the overall weight, giving the benefits of a lower centre of gravity, balanced load, light steering and fuel economy. We mounted it in a transverse position driving the front wheels and the space saved under the bonnet by adopting this layout was used in the passenger compartment.

You rightly looked for a comfortable ride—so we looked firstly at the suspension and selected the very best—four wheel independent suspension to ensure excellent roadholding whatever the surface condition.

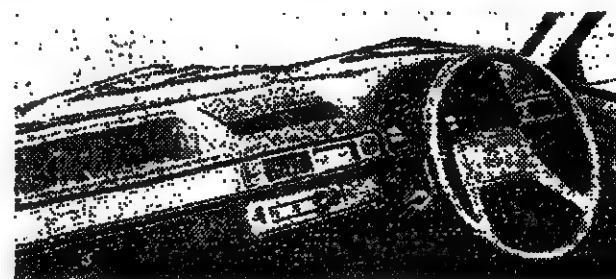
We chose an extra long wheelbase so that you would sit in between the wheels and not over them, and

finally the seats—orthopaedic specialists were consulted and as a result of this the seats were constructed using a pressed steel well and tubular steel seat back frame, with flexible metal support, and cloth upholstered with thick polyester padding. Rack and pinion steering for precise and predictable cornering and servo-assisted dual circuit braking system for easy safe braking, to complete your comfort.

Numerous active and passive safety features thoroughly tested and proved on an experimental safety vehicle have been built into the design of the 305—a rigid passenger cell has been constructed and front and rear crumple zones ensure maximum protection for all occupants.

Economy was naturally high on your priority list. You have seen the prices—add to this the excellent petrol consumption figures and consider that main service intervals are every 10,000 miles; you can see we have heeded your request. In addition, the 305 is covered by our simple straightforward twelve month unlimited mileage warranty.

And there's a choice according to your particular requirements. There's the 1300cc GL and GR models and the 1500cc SR, each with a very high level of standard equipment and available in a range of beautiful colours. There's a wide variety of options, such as metal sunroof, electric front windows and tinted glass.



The key words throughout the 305 development were quality and style. We would be very pleased for you to judge for yourself whether we have met up with your standards—any of our 230 dealers will be pleased to offer you a test drive.

Model	Price	Engine Size	FUEL CONSUMPTION	Constant	Simulated
			60 mph	75 mph	urban driving
305 GL	£3365	1290 cc	43.4 mpg	31.0 mpg	28.7 mpg
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305 SR	£3994	1472 cc	45.5 mpg	33.8 mpg	31.7 mpg

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THE JOBS COLUMN

Two dozen assorted for Manpower, etc.

BY MICHAEL DIXON

LANCE SECRETAN needs at least two dozen managerial people right away to help to run the UK operations of the Manpower work-contracting concern. Whereupon Jobs Column readers, being of an inquiring cast of mind, may ask: what kind of managerial workers?

Well for a start, if I interpret Mr. Secretan correctly, the kind that couldn't be out of work. Because in his view good managers are ceaselessly prepared to forestall disaster whether to their company or to themselves.

He feels confident that numerous such paragons read this column, and was not surprised that I could not personally name any. The reason is that people of that kind are rarely noticeable to a journalist. Instead of being newsworthy, they are serenely adjusted to their spectacles and activate variant five of contingency plan F.

I doubt that Lance Secretan requires candidates to be already totally proof against unpleasant surprises. But he wants their career record to contain some evidence of talent for the aforementioned anticipatory type of behaviour as a basic qualification.

The two dozen and more will be "people whose business is people," for the company earns its undisclosed turnover by contracting to do work for other private- and public-sector con-

cerns, from managing the services for a North Sea oil rig, through maintaining complex machinery, to typing a sudden, extraordinary load of bumf. It does these by hiring in the necessary workers, and the number of such people who spend most of their working time on Manpower's books has doubled in the past two years to about 12,000. In 1978, around 35,000 others were employed on a more temporary basis.

"We're planning to double again in the next three years," said Mr. Secretan, explaining his urgent bulk order for extra permanent staff. Some would be employed in the six business regions—London, the South, the West (which somewhat contentiously includes Wales and the Irish Republic), the Midlands, the North, and Scotland. Others would be at the headquarters in Slough.

Of about 80 staff at Slough, some 50 are accounted for by the central accounting.

"You can't hardly know what 'complexity' means until you've seen the kind of accounting that's needed in this business," claimed the chief executive. "And we're putting another great chunk of our systems on new computer we are getting in the spring—all the management information, invoicing, consumables, sales analysis, and an accountant's nightmare of a payroll."

Which accounts for one of the openings at headquarters—for a data processing manager to whom Manpower expects to pay a salary of £8,000 to £9,000 plus the bonus related to value added which is common to all the headquarters management jobs. Those in the regional businesses entail extra payments based on profit-sharing. "We don't have any problems in rewarding our good managers," Mr. Secretan said with an air not altogether distant from smugness, "because we set up our pay schemes in anticipation of the Government's restrictions."

He sees top jobs in the expanding regional operations as the probable early destination of the seven to 10 newcomers he wants at senior level. Candidates should already carry responsibility for profits, either in their own business or in a company preferably with a name for cultivating high-class professional managers. "IBM, Unilever, Shell, Rank Xerox, Mothercare, Marks and Spencer—you know the sort of thing," he said. Salaries at this level will be negotiable, but he does not expect to appoint a senior manager not already earning £10,000 to £12,000.

At middle-rank, Manpower evidently has an indefinite number of openings for managers who have demonstrated professionally their right to be

moving into general management. "The previous field isn't important, provided they've got oomph. People without it just don't survive in the competitive conditions we have here." Basic salaries will probably be in the £7,000-£9,000 range.

Half a dozen specialist managers in advertising and business-promotion are also needed in the regions, and a similar quota of personnel managers will be distributed between regions and headquarters. Basic salaries for these will be £6,000 to £7,000.

The group also wants a central business-negotiator to deal with central and local government, and also advise regional businesses on their own bureaucratic-beggings. This job, with basic of £10,000-plus, will probably go to someone with an insider's knowledge of government rituals.

Inquiries with career outline to Mr. Secretan at PO Box 112, National Westminster House, The Grove, Slough SL1 1QD.

Monrovia

IF NONE of the above fits, David Upton, chairman of Midlands-based Management Recruitment, is seeking a qualified accountant to work from Monrovia in Liberia, as internal auditor of the Mesurado group. This has a turnover of about

U.S.\$60m from a diversity of businesses in vehicle distribution, fishing, plantations, farming and general trading.

So Mr. Upton (Regency House, 107 Hagley Road, Edgbaston, Birmingham B16 8LA—telephone 021-454 3691, Telex 338437) thinks that a minimum of three years' internal auditing is a necessary qualification, and the more varied the businesses so audited, the better.

English is the only language essential for the job.

Responsible to financial controller Wahheed ud Din, the recruit will be on a 12-month contract with likelihood of renewal. Salary range will be \$24,000 to \$30,000, plus profit share. (I gather that 28 per cent is the maximum tax in Liberia, and that there is no barrier to repatriating savings.) Perks will include free housing, hard furnishing and basic utilities; car allowance; and air fares for self and family.

Open-ended

FINALLY today to a remarkably open-ended requirement by Gunnar Beeth, president of International Management Consultants which, although based in Brussels, would evidently feel belittled if I said it looked on the whole of Europe as its own backyard.

Noting the Jobs Column's new international ambitions, Mr.

Beeth has challenged me to find him a skilled business person of primarily French or German culture even if now working elsewhere, who is interested in joining him as a consultant in any one of three activities. These are:

The whole range of financial aspects of acquiring companies and of the reverse process of "disinvestment."

The organisation of multinational companies.

The recruitment of specifically international executives for general management, marketing and sales in particular, though probably increasingly for other fields of operation.

A consummate recruit in any Mr. Beeth says, would lift some of the present workload from himself and colleagues who at the moment can gain relief only by groaning alternately in fluent English, French and German—three languages which he deems essential for an international managerial career.

But whichever the specialism may be, candidates must be able to demonstrate "great depth of experience and knowledge, and the capacity to work exceedingly hard." Pay is not disclosed, but my estimate would be a salary equivalent to £20,000 at least.

Inquiries to him at Avenue d'Italie 43, bte 26, B-1050 Brussels, Belgium—telephone 32-2-673 99 32, Telex 26411.

Group Accountant
(With room to grow)
c. £9,000 South Yorkshire

This new opportunity is quite simply exceptional. Our client is a group of companies, engaged primarily in the Construction and Engineering Industries. Their turnover currently exceeds £70 million and although first and foremost a British Organisation their interests are worldwide. They foresee considerable growth in these overseas markets, principally in the Middle/Far East.

They are now wishing to strengthen their senior management team with this challenging new position which would suit, certified Accountants in their early thirties, with extensive Management Accounting experience. Reporting to the Financial Controller, the Group Accountant will assess monthly accounts from subsidiaries, highlighting financial trends; prepare forward plans to optimise tax commitments; manage cash flow and have total involvement with all financial planning aspects of the Group. Imagination and the ability to innovate are essential attributes. This is not a routine book-keeping job.

If your current experience matches the requirements of this challenging position then write with career details to date to the Position Number Supervisor, Position Number 7168, Austin Knight Limited, County House, 82 Vicar Lane, Leeds LS1 7JH.

Applications are forwarded to the client concerned therefore Companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

FINANCIAL CONTROLLER
Liberia

c. \$25,000 net + House, Car & Substantial Benefits

Our client is the subsidiary of a diversified multi-million turnover group engaged in processing and distribution activities throughout the world.

Reporting to the General Manager, the successful candidate will be responsible for all accounting and administrative matters, and the further development of these functions. Subsequently, control over other West African subsidiaries will be expanded. Candidates, probably aged 25-35, should ideally be qualified accountants with experience of working in a similar overseas location and have the ability to work independently within a developing country.

For further details and a personal history form, please contact either Robin F. Taylor, B.A., C.A. or Nigel V. Smith, A.C.A. quoting reference 2367.

Commercial/Industrial Division
Douglas Loombs Associates Ltd.
Accountancy & Management Consultants
410, Strand, London WC2R 0NS. Tel: 01-436 9501
121, St. Vincent Street, Glasgow G2 7HT. Tel: 01-226 201
3, Colston Place, Edinburgh EH3 7AA. Tel: 031-226 7744



Personal Financial Planning

Because of the expansion of demand for the Personal Financial Planning services offered by a major life office and its unit-linked subsidiary, a new post of Personal Tax Manager is being created, based in Central London.

Applications are invited from persons thoroughly familiar with all forms of personal taxation, including capital transfer tax. The Manager's responsibilities would include control of the unit providing support for the Personal Financial Planning Managers, the tax content of sales literature and the preparation of the tax planning reports.

Previous experience of the use of life insurance and pensions contracts in tax planning is essential. A professional qualification relating to taxation is desirable, but not vital. Age is not a prime factor.

Salary circa £8,000 per annum (including Central London allowance) depending on experience. Valuable fringe benefits include non-contributory pension scheme and subsidised mortgage facilities.

Applications with a full curriculum vitae to:
Mr V J Howlett, Senior Personnel Superintendent, Sun Life Assurance
Sun Life Court, St. James Barton
Bristol BS1 3TH



SUN LIFE ASSURANCE

Young Graduates

C.London c. £5,500

Our client forms the Headquarters of one of the world's most successful marketing and manufacturing organisations.

Following internal promotions, they now require three young Business Analysts — one for each of the following business areas:

- Financial Planning — where you will be involved in the analysis and consolidation of operating plans.
- Balance Sheet Planning — the team controls corporate assets and funding.
- Treasury — responsibilities will include the analysis and reconciliation of inter-company cash statements and cash usage.

If you are a young graduate with approximately two years business experience and keen to move to a dynamic group, you will receive excellent training and can expect to benefit from the group's policy of rapid internal promotion. Financial and practical assistance will be given to acquire professional qualifications, and relocation expenses will be available where necessary. Please telephone or write quoting ref. RG 1950.

Lloyd Chapman Associates

125, New Bond Street, London W1Y 0HP 01-499 7761

Career Opportunity in
International Oil CompanyPublic Affairs Officer
London Based

Amoco Europe Incorporated is an affiliate of Standard Oil Company (Indiana), one of the six largest U.S. oil companies.

We are currently looking for a Public Affairs Officer to provide a comprehensive support to the Department Manager in the areas of press relations, general public affairs, publications and to edit the Company newspaper.

Applicants should have several years' experience of journalism or specialised public affairs work. Previous experience of the oil industry, whilst not essential, would be a distinct advantage. A mature approach to problem-solving and good communication skills are also necessary, since the person appointed will, on occasion, be required to stand-in for the Manager, Public Affairs. The work will involve some local and foreign travel.

An excellent salary commensurate with experience will be offered to the successful applicant, plus the normal fringe benefits associated with an international oil company.

Please write, enclosing your resume to: B. S. McLintock, Employee Relations Dept., Amoco Europe Inc., 33 Cavendish Square, London W1.



Banque de la Société Financière Européenne
International Bank
Located in Paris
is looking for

INTERNATIONAL BANKERS

Applicants, preferably aged between 28 and 32, will ideally have the following qualifications:

- MBA degree or equivalent.
- Approximately five years experience in international banking (for one of the candidates experience in energy finance would be an asset).
- Strong knowledge of credit analysis and Euro-currency lending.
- Fluency in English is essential and a working knowledge in French would be an advantage.

Applications with detailed curriculum vitae and salary to date, will be treated in the strictest confidence and should be sent to: F. Perlewitz, Manager, Banque de la Société Financière Européenne, 20, rue de la Paix, 75002 Paris.

INBUCON

Financial Director

This post is designed to attract a professional man or woman who wishes to join a small, but dynamic team in developing a company in the consumer goods market. The company already holds a number of "household name" accounts in domestic durables and is determined to rapidly expand into new customer outlets.

The key task of this appointment is to take charge of the financial function and to strengthen the accounting and management reporting disciplines.

The company has a manufacturing base but it is important that the candidate has a real understanding of the retailing and distribution business, particularly related to mail order and multiple store operation. Attractive remuneration package and company car.

Please write in confidence to W. M. Stern, quoting reference number 3727/6/FT

INBUCON MANAGEMENT CONSULTANTS LIMITED,
Executive Selection,
Yorkshire House, 6th Floor, Tower Block, East Parade, Leeds LS1 5SF.

INTERNATIONAL BANKING
OPPORTUNITY

Fast-growing international bank with Middle East orientation invites applications from ambitious bankers ideally aged 26-32 for several vacancies which have arisen in its lending department in London as a result of recent expansion.

These positions would be of interest to those who enjoy working in a challenging new environment and tackling a wide variety of international lending assignments. Candidates ideally should have a professional qualification in accountancy or law or possess an appropriate business qualification.

Salaries will be negotiable according to experience and carry normal banking fringe benefits.

Applications accompanied by a detailed curriculum vitae should be sent in strictest confidence to Box A.6616, Financial Times, 10, Cannon Street, EC4P 4BY.

Chief Executive

Major Construction Co. Caribbean

Our client is a major construction company with operations not only in this country but also in the Middle East and Caribbean areas. They now have a requirement for a Chief Executive for the Caribbean.

Applicants should ideally be graduates, preferably in civil engineering, with in-depth experience of project management, in building and civil engineering in all its stages.

Probable age range will be 35-45 and the successful applicant should have had experience of motivating staff and administration of an area-office or company. Candidates should possess a strong but pleasant personality with the ability to liaise with senior directors and government ministers in the area concerned.

A substantial salary will be paid, together with the usual benefits associated with working overseas for a large and important company. The position, which is based in Trinidad, has considerable career potential.

Please write to or telephone S. W. J. Adamson, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: Hitchin (0462) 55503.



GROSVENOR STEWART
Executive Search and Selection

Manager - Financial Division
up to £12,000 + car

Saudi International Bank, a rapidly expanding City-based bank whose shareholders include the Saudi Arabian Monetary Agency and several of the world's leading banking names, wish as part of their current expansion plans to recruit a Manager for their Financial Division.

Applications are invited from qualified accountants, preferably of graduate status, with a minimum of 5 years post qualification experience in a City/financial environment. Direct experience of banking or multinational operations would be useful.

The successful applicant will be responsible for the financial reporting and accounting practices of the Bank and its overseas affiliates and will also be involved in UK and international tax planning, corporate financial strategy, and the further development of the Bank's budgetary control system.

The commencing salary will be negotiated at a figure of up to £12,000 pa plus car, depending on experience. Attractive fringe benefits include a non-contributory pension scheme and low interest mortgage and personal loan facilities. The appointment offers excellent career and salary prospects.

Write giving brief personal data and career progression to:

Christopher J Parker, Saudi International Bank, 99 Bishopsgate, London EC2M 3TB.

Singapore

S\$100,000 p.a. + housing

CORPORATE PLANNING MANAGER

A large and highly successful industrial and trading group in Singapore with substantial regional operations wishes to appoint a Manager to head the Corporate Planning Department.

Based in Singapore, he will be responsible to the Chief Executive for the preparation and co-ordination of the group's medium and long range plans as well as the provision of planning guidance to divisional operating management. He will liaise with management at all levels in the development of corporate strategies and explore new business opportunities including possible acquisitions and new approaches to existing business activities. This is a key appointment which is a natural step to top management in the group.

The ideal candidate, an MBA, will be a Chartered Accountant or an Economist in his early 40s. He will preferably have had a broad consulting experience of a practical nature, with the energy to get back to basics and the vision to develop from this base into a very senior group management role. A background in manufacturing industries would be appropriate with experience at large unit or divisional level. A strong emphasis is placed by this group in extending its investments. A prime requisite of this function is a thorough understanding of the realities of take-over bids and mergers.

The starting salary will be negotiable up to S\$100,000 per annum (currently equivalent to c.£22,000) with normal fringe benefits and initially on a two year contract basis.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to P. H. Broadbridge, Executive Selection Division, at the address below. Please quote ref. BF143 and include, if possible, a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.

Management Consultants

Shelley House, Noble Street, London, EC2V 7DQ.

Arlington Limited is a member of Avon Products Inc., the world's largest manufacturers of cosmetics, personal care products and costume jewellery. The company's Irish plant, situated at Portlanning, 35 miles from Dublin, already employs 250 people in the manufacture of high quality costume jewellery. A major extension of manufacturing capacity is currently under construction and when the new plant comes on stream it will more than double the existing workforce. The company is currently expanding and developing its financial department and now wishes to appoint a

SENIOR FINANCIAL ACCOUNTANT

Reporting directly to the Financial Controller, this position carries significant responsibility for the management of a large financial accounting function. Besides co-ordinating the activities of the accounting department the senior financial accountant will develop appropriate internal accounting and reporting procedures and accept direct responsibility for the management of specific accounting activities.

Applicants must be professionally qualified (A.C.A. or A.C.C.A.), have public accounting experience and should have worked in a manufacturing company, desirably at supervisory/managerial level. Candidates with less than 3 years post-qualification experience (preferably in industry) are unlikely to meet the requirements of this senior post, which offers significant opportunity for further advancement.

Salary negotiable. Attractive fringe benefits. Relocation expenses will be paid where applicable. Interviews will be held in the UK in mid February.

Applications, in strict confidence, giving full details of career to date should be sent to:

Raymond Cass,
Head of Personnel,
Arlington Limited,
Co. Laois,
Ireland.

A. Gallagher,
National Manpower Service,
William Street,
Tullamore,
Co. Offaly,
Ireland.

Arlington

N.M. Rothschild & Sons Limited

Corporate Finance

We are currently recruiting for our Domestic Corporate Finance Division. We can offer you, as a member of a small professional team, further training and a widening of your experience in mergers, fund raising and other matters affecting corporate strategy and structure. You will meet at senior level executives of a wide range of companies, nationalised industries and government agencies. You should be aged 25-28, have a good degree, and in addition be a chartered accountant or have worked at least three years in the Corporate Finance Department of a bank or leading multi-national company. Remuneration will be highly competitive.

Applicants should write in the first instance to:
The Personnel Director,
N.M. Rothschild & Sons Limited,
New Court, St. Swin's Lane,
London EC4P 4DU
giving full details of their career to date.



AN EXCITING OPPORTUNITY FOR PRIVATE CLIENT STOCKBROKERS IN LONDON

S.E. members, either individually or as a group, are invited to join a small, profitable and fully computerised firm.

- GOOD QUALITY RESEARCH DESIGNED FOR PRIVATE CLIENTS
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We are particularly interested in those private client brokers frustrated in the larger firm now keen on developing their clientele on a more personal basis in a friendly environment.

Please reply to Box A.8618, Financial Times,
10, Cannon Street, EC4P 4BY,
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Due to further expansion
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Telephone or write to:
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UNIVERSITY OF WARWICK

Professorship of Industrial Relations
Applications are invited for the post of Professor of Industrial Relations, tenable from 1st October, 1979, at agreed term date. Salary in the Professional range (minimum £9,443 p.a.). Further details from the Academic Registrar, University of Warwick, Coventry, CV4 7AL, to whom applications (3 copies) should be sent by 28 February, 1979. Please quote Ref. No. 24/PA/79.

MINSTER INSURANCE GROUP

wish to appoint A STATISTICIAN

as Head of Statistical Services

This is a new Head Office appointment which has been created by the expansion of the Management Services Department.

Responsibilities: To provide and further develop management information within the Company and to assist in the development of forecasting, using statistical methods and modelling techniques.

Experience: Previous experience in the application of these techniques is essential, and knowledge of the analysis of non-life insurance business and the use of computer facilities will be a distinct advantage.

Qualifications: A degree or equivalent in a numerical discipline.

Salary: Circa £8,000 per annum.

Benefits: First class non-contributory pension scheme, non-contributory permanent health scheme, mortgage facilities and re-location assistance will be considered.

Applications should be made in writing, and in confidence, giving details of career to date and personal details to:

Mr. B. F. I. Lamerton,
Group Assistant General Manager,
Minster Insurance Co. Ltd.,
Minster House, Arthur Street,
London, EC4R 9BJ.

Management Audit

The International Planned Parenthood Federation is an international non-governmental organisation incorporated in the UK by Act of Parliament, working to increase family planning knowledge and services throughout the world. Financial assistance is received from governments as well as from voluntary contributions made by private citizens and foundations in many countries. The budget for 1979 is £55 million. The headquarters of the Federation is in London. The 118 national member and non-member Associations are grouped in Regions and are represented through Regional Councils on the International Central Council. Reorganisation has resulted in the centralisation of the Management Audit function in London, offering the following opportunities:

Head of Management Audit £9642 p.a.

Required to supervise and organise a team of internal auditors to undertake audits of Regional Offices and Associations throughout the world; this will involve examining management procedures and structures, financial transactions, accounts and reports, and reviewing the efficient use of all resources, manpower, financial and commodity. A professionally qualified individual is required with 5-10 years audit experience, some of which will have been in a supervisory capacity and with an international organisation.

Management Auditors £7608 p.a.

Required to undertake audits with individual Associations, examining and analysing programmes and budgets, reporting on programme implementation and reviewing management systems and procedures. Professionally qualified, candidates should have at least 5 years' audit experience.

All posts require an awareness of development issues and international sensitivity and the ability to communicate effectively.

Considerable overseas travel is involved. An attractive benefits package is offered. Expatriates receive additional allowances and benefits.

Applications with a full curriculum vitae (including particulars of current remuneration) and the names of two referees should be addressed to:
The Personnel Manager, IPPF,
10-20 Lower Regent Street, London, SW1V 4PW.



INTERNATIONAL PLANNED PARENTHOOD FEDERATION

Financial Administration Manager

c.£12,500 + car

For the Home Counties HQ, North of London, of a major international group amongst the leaders in their field manufacturing and marketing a range of products, including complex highly engineered equipment. There is a profitable eight-figure UK turnover, and the new appointment arises as a result of expansion and recent reorganisation. The Manager will control a team responsible for a range of activities including cash control, insurance, some taxation matters and liaison/interface with financial institutions.

Candidates, probably aged around 30, must be qualified accountants with relevant "treasury" type experience preferably in a multinational organisation.

Removal expenses and usual fringe benefits.

Applications welcomed from men or women. Please reply in confidence, giving brief details to: Ref. MA 184, Robert Marshall Advertising Limited, 30, Wellington Street, London WC2E 7BD.

Robert Marshall
Advertising Limited



Young Chartered Accountant

City of London £8,000 + bonus

A leading firm of jobbers on the Stock Exchange requires a Chartered Accountant aged 25-35 to be directly responsible to the Finance Partner. Excellent prospects.

Responsibilities will include the preparation of financial and cost accounts, budgets and the arrangement of daily finance with the firm's clearing banks and money brokers.

Please apply in writing giving details of age, education and career to:

J. Oldfield, Pinchin, Denny & Co.,
Salisbury House,
London Wall, EC2M 5SH.

هكذا من الأفضل

Senior Foreign Exchange Dealer

We require a Senior Foreign Exchange Dealer with at least 5 years' experience in all aspects of foreign exchange and euro-currency deposits.

As well as a competitive salary we offer benefits commensurate with the position.

Please reply in strictest confidence to:-
M. L. Darby,
Assistant Personnel Manager,
Kleinwort, Benson Limited,
20 Fenchurch Street, London EC3P 3DB.

KLEINWORT, BENSON
Merchant Bankers

PUBLIC RELATIONS MANAGER

London £12,000 plus car

Our client, one of the major grocery companies in the U.K. with an enviable reputation and a dynamic growth record, has a vacancy for a Public Relations Manager.

The appointment calls for a mature, professional man or woman, probably 40/45 years of age and with a progressive record in the communications field as a journalist and with P.R. experience, preferably in the grocery/food area.

The successful candidate will be highly intelligent, politically sensitive, and with the presence and authority to command respect at a senior level with Government Departments and with executives controlling all types of opinion-forming media. Essentially he/she will be a capable administrator, well able to provide leadership and direction to a competent departmental team.

Location is in London, and relocation expenses are naturally available if appropriate. A salary of around £12,000 is envisaged, plus an executive car. The Company operates an exemplary personnel policy, and the fringe benefits are those normally associated with a major progressive Company.

If you feel you have the qualifications to fill this exacting role, please write with brief details and in complete confidence to:

ERIC JAMESON
PERSONNEL SELECTION

Personnel Selection Limited,
46 Drury Lane, Soho, West Midlands B94 3BL. Telephone: 021 705 7393 or 021 704 3851.

Merchant Banking Assistant Accountant

City c.£2,500 plus benefits

Continued expansion of this Banking Group has created an opportunity for a recently qualified Chartered Accountant to assist the Chief Accountant in all aspects of financial control and the preparation of documents required for policy decision.

This is an excellent introduction to banking which offers the prospect of a future management position.

Contact John P. Seigh, ACCA on 01-405 3499
quoting reference JPS/410/FMF.

Lloyd Management

Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

Jonathan Wren · Banking Appointments



The personnel consultancy dealing exclusively with the banking profession

SENIOR CREDIT ANALYST £9,000 plus benefits

Our client is an expanding international bank requiring an experienced credit analyst who is not seeking an early move to a lending or business development position. The candidate should have learned his or her credit analysis with an American bank and ideally have undergone a formal training course. The remuneration package is negotiable and includes generous fringe benefits.

Please contact: DAVID GROVE

FOREIGN EXCHANGE/STERLING MONEY BROKERS

We require experienced brokers in the following fields:-

Sterling C.D.s
Sterling Interbank
Sterling Commercial
Eurocurrency/Foreign Exchange
Foreign Exchange Dollar/Guilder
(Spot, Forward, Short Date, etc.)

All salaries are negotiable, commensurate with experience.

Please contact: BRIAN GOOCH

QUALIFIED ACCOUNTANTS £6,000 to £9,000

We are currently handling a number of vacancies for merchant and international banks in the accounting field. Candidates should be qualified Chartered, Certified or Management accountants with commercial and/or banking experience.

Please contact: BRIAN GOOCH/DAVID GROVE

ACCOUNTS OFFICER c.£5,000

A North American bank and investment company is seeking a person, aged in his or her 20s, who is capable of producing balance sheets and profit/loss figures from trial balance. Salary is negotiable, and there are excellent fringe benefits and working conditions.

Please contact: NORMA GIVEN

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

PARTNER IN CHARGE INSTITUTIONAL SALES

35-45

As a result of a pending retirement, a major firm of Stockbrokers will shortly appoint a Senior Investment Executive to head up their Institutional Team and their Research Department. His/Her responsibilities will include:

- ★ Ensuring that the high level of investment service is maintained to a number of leading institutions.
- ★ Co-ordinating the work of the research and institutional sales department—contributing to the formation of the firm's economic and investment policies.
- ★ As a senior member of the management team, he/she will share in the oversight of the firm's total business.

The ideal candidate, probably a graduate or a chartered accountant, may now be working either as a partner or as second-in-charge of a similar department in another STOCKBROKING FIRM. He/She may also have gained his/her experience with another financial institution e.g. a fund management group or a North American broking house. The position demands exceptional qualities of leadership, intelligence and integrity, and offers a first-class career opportunity with a leading name in the investment world. SALARY IS OPEN TO NEGOTIATION BUT IS UNLIKELY TO BE A PROBLEM TO THE RIGHT CANDIDATE.

Please apply to:
Jack Coutts
Chichester House
Chichester Rents
London WC2A 1EG
01-242 5775

Career plan
LIMITED

Pensions Administration Manager

£6,900 +

Uxbridge

The Rank Xerox Pension Scheme covers 10,000 contributing members in the UK and is administered by a small team of pensions professionals based at our Head Office in Uxbridge.

We need a Pensions Administration Manager, who will be responsible to the Pensions Manager for all aspects of the day to day administration of the scheme. Responsibilities include: control and development of a computerised membership record system, calculations and payment of benefits, liaising with the Actuary, Inland Revenue, OPB and DHSS and communications with the members.

Applications are invited from men or women with a successful record of pensions administration, including some in a supervisory role and experience in computer methods. A professional qualification would be an advantage.

The successful applicant will have an exciting, secure future with a major international organisation, together with large company benefits such as a weeks holiday, subsidised restaurant, free life insurance and of course an excellent pension scheme.

The salary will be in the region of £6,900 p.a. +

Applicants should write giving full details to: Alan Chapman, Pensions Manager, Rank Xerox (UK) Ltd., Bridge House, Oxford Road, Uxbridge, Middlesex.

RANK XEROX

Group Financial Controller

c. £11,500 + car

Bedfordshire

Our client, a highly successful company manufacturing a wide range of products for the industrial and domestic markets, requires a Group Financial Controller for a newly created appointment.

Candidates aged around 35 of either sex must be qualified and have gained experience in all aspects of the accounting function in a successful manufacturing company. A high level of technical and administrative competence, enthusiasm and the ability to lead a team is essential.

Responsible to the Managing Director, the Group Financial Controller will, as a primary task, review and develop financial management, costing and the computerised systems of the company and its subsidiaries. This senior appointment offers an exceptional opportunity for career progression.

Usual benefits include a car, pension, etc.

Applications in confidence quoting ref. 6347 to B. G. Luxton, Mervyn Hughes Group, 2/3 Cursthorpe Street, London EC4A 1NE. Tel 01-404 6801.

Mervyn Hughes Group

Management Recruitment Consultants

TREASURY ANALYST—ACQUISITIONS Accountant/M.B.A.

Central London

Emoluments neg. to £10,000

There has been a positive change in recent years in the character of the business of our client—one of the U.K.'s major industrial groups. This is particularly reflected in the growth of their overseas activities which now account for more than 50% of their total turnover which exceeds £1000m.

The group has a strategy of diversification through acquisition, and now seeks to recruit an Analyst who will work closely with the Acquisitions Manager on the appraisal and negotiation of acquisitions and divestment proposals.

Although previous investment analysis or investigations experience would be preferred, candidates with sound analytical capabilities who are interested in moving into a progressive treasury function are also invited to apply. They should have a professional qualification or Business School background and will probably be in their mid/late 20's. They must be commercially motivated and possess effective oral and written communication skills. The appointment involves contact with senior management and candidates, male/female, should be able to demonstrate their suitability for promotion within the group.

For more detailed information and a personal history form please contact Nigel V. Smith, A.C.A., or Peter Dawson quoting reference: 2365.

Douglas Lymbias Associates Ltd.
Accountancy & Management Recruitment Consultants
410, Strand, London WC2R 0NS. Tel: 01-836 9501
12, St. Vincent Street, Glasgow G2 8HW. Tel: 041-226 3101
3, Colston Place, Edinburgh EH3 7AA. Tel: 031-225 7744



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LIMITED

International Money Brokers

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STERLING DEALERS

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Reply to:

Personnel Manager

36/40 Coleman Street, London EC2R 5AN

UNIVERSITY OF NEWCASTLE UPON TYNE CHAIR OF AGRICULTURAL MARKETING

Applications are invited for the Chair of Agricultural Marketing, left vacant as a result of the death of the first holder, Professor E. M. Carrington. Candidates should be able to show evidence of achievement, academic or practical, in the application of economic principles to the problems of Agricultural Marketing in relation to consumer needs and preferences and to trade relationships both national and international.

The successful candidate will be expected to take up appointment on the 1st October, 1979, or earlier if possible. Salary will be at an appropriate point on the professional range which commences at £9,443 p.a. (on a review). Membership of the appropriate University superannuation scheme will be required.

Further particulars may be obtained from the Deputy Registrar, University of Newcastle upon Tyne, 6, Kingston Terrace, Newcastle upon Tyne NE1 7RU, to whom applications (15 copies, giving the names of not more than three referees, must be received not later than 28th February, 1979. (Candidates from outside the British Isles may submit one copy only).

Overseas Investment Analyst

We have a vacancy for an additional investment analyst in our Overseas Department, which has offices in London and Kuala Lumpur and provides a service to institutional and private clients, covering Malaysia, Singapore and Hong Kong.

The successful candidate will

- ★ probably be between the ages of 25 and 35

- ★ have had several years experience as an investment or financial journalist, not necessarily covering overseas markets.

He or she will be required to

- ★ Visit the Far East regularly, in order to get to know the local investment scene and to update his knowledge. We would envisage that the initial visit would be of about three months but subsequent visits would be shorter.

- ★ collaborate particularly closely with our sales team, in order to develop and revise investment opinion on Malaysian, Singapore and Hong Kong stocks.

- ★ develop a relationship with institutional clients

- ★ be responsible for the production of the regular research publications of the department. This will involve, to a certain extent, editing the work of others.

The job will be a demanding one and the salary will reflect both this and the responsibility of the position.

Applications will be treated in strictest confidence and should be addressed to:

Martin Wedgwood,
Laurence, Prust & Co.,
Basildon House, Moorgate, LONDON EC2R 6AH.

ACCOUNTANT

Yorkshire

c. £7,500 + Car

For a multi-million pound subsidiary of a major group controlling several production and distribution units in the U.K.

Initial responsibility will be to the Senior Finance Executive for the effective organisation of the total accountancy function by co-ordinating the efforts of subordinate staff and the other functionally subordinate accountants at district locations.

Candidates must be qualified accountants and have several years responsible and broad experience in manufacturing industry, preferably in a company of comparable size, in order to cope with the Cost and Financial accountancy demands of the job.

Prospects for the right man or woman are very good in both the Company and the Group with the initial salary to be negotiated about £7,500 p.a. A Company car is needed to carry out the duties and will be provided. Re-location expenses will be favourably considered and other staff benefits are appropriate to a substantial organisation.

Please write in strict confidence to:

MPM MANAGEMENT CONSULTANTS LTD.

BASINGHALL CHAMBERS,
18-22 ALBERT STREET,
HARROGATE HG1 1JT.

DEPUTY MANAGING DIRECTOR (FINANCE)

John Dawson Motor Holdings Ltd., Bath, is seeking a top person who will be responsible to the Chief Executive for the whole financial and administrative function including the appraisal and continued development of an existing computerised system aimed at maximising profitability. The successful candidate must also be a key contributor to decisions affecting the future and anticipated expansion of this lively and stimulating West Country business.

Applicants for this exciting and challenging post should be qualified accountants with a proven record of successful commercial experience, aged 35 or over.

Salary by negotiation but plus a profit incentive scheme, overall will exceed £10,000 p.a. Assistance will be offered with moving expenses.

Write for application form to

ROBBY
Over Ashdown, Goldsmith Avenue,
Crowborough, Sussex.

EUROBOND DEALER/SALES

The Merchant Bank subsidiary of a major U.S. International Bank, based in London, require a Eurobond Dealer to complement its existing Eurobond Department. The successful candidate will probably have spent 3-4 years either in a trading capacity or in institutional sales.

This is an excellent opportunity to join a small expanding operation and to work in a good environment.

The commencing salary will be negotiable and will provide for full recognition of previous experience. An excellent fringe benefit package is offered.

In the first instance please telephone Miss E. Hanna, at Benton & Bowles Recruitment Ltd., on 01-589 1444. Information given will be treated in the strictest confidence.

MANAGING DIRECTORS £25,000 TO £35,000

Two important international companies have retained us to find Managing Directors for their U.K. subsidiaries. Successful candidates for these positions will have industrial product background and will probably come from the office equipment, commercial, pharmaceutical or building products industries.

If you are a U.K. or U.S. national, possess a university degree (engineering and M.B.A. would be excellent) and have an outstanding track record in the marketing, manufacturing and general management areas, we invite your prompt response.

As the management consultants retained to assist management in filling these key posts, we assure respondents a prompt acknowledgement and a confidential interview with a member of our professional team prior to any discussion with the client. Kindly submit résumé in confidence with salary particulars and home telephone number.

Write Box F.1082, Financial Times, 10, Cannon Street, EC4A 4BY.

PROJECT MANAGERS INTERFIRM COMPARISON

The Centre for Interfirm Comparison wishes to appoint two project managers—one to be based at our Colchester (principal) office, and the other to be based either at Colchester or at our London office.

The Centre uses data supplied by firms to show the management how their success and efficiency measure up against others and where they can improve. Research and consultancy activities, all centring on business performance assessment, are also undertaken. The Centre is recognised both nationally and internationally as the leading IFC organisation. The persons appointed will be self-starters aged between 25 and 35, able to speak and write clearly and will have an imaginative and flexible approach. A degree or equivalent qualification in Economics, business studies or accounting, with some subsequent experience, would be appropriate.

They will join a small, young team of executives working in an informal environment where the contribution of each individual is highly valued. The work primarily involves designing, marketing and conducting IFC projects and involves contact with senior management in a wide range of industries. Increasing responsibility is given as ability and performance warrant.

Starting salary up to £6,000 plus usual fringe benefits. Please write to me personally giving brief details of yourself and your experience.



The Centre for
Interfirm Comparison

L. Taylor Harrington, Director
The Centre for Interfirm Comparison
8 West Street, Colchester, Essex CO1 1RN

Manager Taxation- Banking

c. £11,000 + mortgage subsidy

This new position of Manager Taxation-Banking is a result of the planned growth of the Corporate Taxation Department of American Express I.B.C. Based in Essex Bank Ltd., Moorgate, the position will involve close liaison with the Company's Banking Group throughout continental Europe and with the European Headquarters of the Company in Brighton.

The successful candidate will be required to provide an effective Banking tax planning service, ensuring that all activities comply with taxation regulations and that senior management is fully briefed on key fiscal matters. We should like to hear from Accountants or Lawyers with around 6 years post-qualification experience possessing a detailed knowledge of U.K. and foreign tax laws, accounting procedures and regulations both in Europe and the United States.

Benefits include subsidised mortgage facilities, a non-contributory pension plan and free life insurance. Relocation expenses will be paid where appropriate. Applicants, male or female, should write with full personal and career details to: Diana Sharpe, Senior Personnel Officer, Central Personnel, American Express Company, Ames House, Edward Street, Brighton, Sussex.



VICE CHANCELLOR

The University wishes to appoint a successor to Dr J.A. Pope who retires from his appointment as Vice-Chancellor in September 1979.

Persons interested in this appointment are invited to seek information about the appointment and the University from the Pro-Chancellor.

Letters should be addressed in confidence to Dr N.I. Bond-Williams, Pro-Chancellor, The University of Aston in Birmingham, Gosta Green, Birmingham B4 7ET.

THE UNIVERSITY
OF ASTON
IN BIRMINGHAM

OPPORTUNITY IN BANKING

City

Age c.26

to £8,000

Our client is a small independent group providing private banking and financial services, tailored to the needs of individuals and corporate customers.

As part of a small team, the successful candidate will perform a wide variety of tasks including accounting, systems development, investigations and other ad-hoc assignments, contributing directly to the Group's expansion.

Candidates should be newly/recently qualified accountants, business orientated and keen to pursue a banking career. The position offers an excellent opportunity to gain experience of banking and prospects are those associated with a fast growing company.

For further details on this appointment and a personal history form, please contact Ian Tomlinson or Lindsey Platten B.A. quoting reference number 2364.

Douglas Lymbias Associates Ltd.

Accountancy & Management Recruitment Consultants
410, Strand, London WC2R 0NS. Tel: 01-836 9501
12, St. Vincent Street, Glasgow G2 8HW. Tel: 041-226 3101
3, Colston Place, Edinburgh EH3 7AA. Tel: 031-225 7744



Financial Management

A demanding new role • £9000+

This is an important senior appointment in Kent's Highways and Transportation Department at Maidstone which spends annually over £20m on road design, construction and maintenance and waste disposal. It will entail a high degree of pioneering work and should prove a valuable career step for an energetic professional financial manager.

In brief, the job carries responsibility for advising the County Surveyor and his senior staff on financial objectives and planning, budgets, control systems and management information, as well as preparing budgets and management reports.

Substantial liaison with others will be essential to define the financial information needs of the Department, to develop appropriate systems, and to devise and maintain methods of monitoring and control.

Leadership qualities and a strong personality are crucial for job success. An accountancy qualification, preferably I.C.M.A., is essential, coupled with in-depth experience of management accounting, either in construction or contract manufacturing or in construction and design works activities in local government. Experience of computer applications for management information purposes is also a pre-requisite.

The salary is negotiable within the scale £9000 to £9741 inclusive. Generous relocation assistance is available as appropriate.

A job description and application form, returnable by 5 February, are available from the County Surveyor, Kent County Council, Kent House, Lower Stone St., Maidstone, Kent. Tel: Maidstone (0622) 571411. Extension 3773.



KENT COUNTY COUNCIL

Qualified Accountant

£8,000—£9,000

Factory Mutual International is a major industrial property insurer offering both insurance and a sophisticated loss prevention engineering service in more than forty countries. The head office is in London with branch offices in Brussels, Paris, Frankfurt, and Melbourne. Our growth rate is impressive with insured values doubled in the last three years to the present rate of nearly £20 billion.

A new opportunity has arisen for a young qualified Accountant within the Finance Department, reporting to the Chief Accountant.

The successful candidate, male or female, will be responsible for controlling the Company's accounting for Salaries, Group Cash Transactions, Accounts Receivable and Employee Expenses. The position will provide the following challenges:

- Developing an international investment policy.
- Establishing cash flow projections both short and long term.
- Full involvement in the conversion from manual to computerised accounting.
- Acquiring a knowledge of international banking techniques and the financial legislation affecting Insurance Companies.
- The preparation of financial statements for submission to local and overseas authorities.

The post is located in Victoria and is negotiable from £8000 depending on experience.

Please send full career details in confidence to: P. R. Stanley, Chief Accountant, Factory Mutual International, Carrier House, Warwick Row, London SW1, 01-428 7799.

Factory Mutual International

Managing Director Consumer Products Distribution

The company began life distributing the assorted food products of its £50m. parent group. Now, with 200 employees, 140 vehicles and eight depots, it is an autonomous and profitable £2½m. subsidiary poised for redoubled growth.

In a complex service business of this kind profits are earned through tight operating and cost controls firmly applied. Successful results will justify further investment and herald a bright future for the new MD.

Candidates, graduates or qualified professionals around age 35, must be at or near general management level running a similar supply operation—in retail or wholesale distribution, spares and service or manufacturing components.

Salary around £12,000; car and excellent benefits. Base South Yorkshire.

Please send career details—in confidence—to D. A. Ravenscroft ref. B.25476.

This appointment is open to men and women.

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International Management Consultants
Management Selection Limited
474 Royal Exchange Manchester M2 7EJ

Personnel Director for Joshua Tetley & Son Limited,

the management company of Allied Breweries (UK) Limited which is responsible for the production and distribution of beer from the Leeds brewery and for marketing the company's products in the north east of England. The company employs some 2,000 people at its Leeds headquarters and distribution depots in Yorkshire and the north east and, in addition, 2,500 in its managed houses.

The Personnel Director will be responsible to the Managing Director for all aspects of employment and industrial relations covering management, staff, industrial and retail trade unions. He or she will develop policy and control an existing department providing the full personnel function for staff and works employees.

Candidates, probably 35 to 45 and MIPM, will be established personnel managers with a clear record of achievement and proven ability to negotiate with and develop good working relationships with unions and employees.

Salary negotiable from about £10,000 with car and attractive benefits.

Please send relevant career details—in confidence—to R. M. Cooper ref. B.60387.

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ASSISTANT ACCOUNTANT

Chartered Accountant circa £7,000

The Anglia Hastings and Thanet Building Society serves over one million members and has assets totalling more than £1,400 million. The Head Office is located on the outskirts of Northampton, about 8 miles from the M1 and 70 miles from London.

The job will include the preparation of management information, periodic and final accounts and taxation. In addition, the job holder will be expected to contribute to the development of new accounting systems in this highly computerised society.

This position offers opportunity for promotion, and an attractive salary around £7,000 p.a. depending on the calibre and experience of the applicant. Terms and conditions of employment are excellent and include concessionary mortgage facilities.

Please apply in writing to:

The Personnel Manager,
Anglia Hastings and Thanet Building Society,
Moulton Park, Northampton NN3 1NL.

ANGLIA HASTINGS

**THANET
BUILDING SOCIETY**

DO YOU WANT A CHALLENGE

We are looking for a young aggressive entrepreneurial person, knowledgeable in all aspects of business to manage a new London based company engaged in travel. A solid background in financial management is important and marketing or sales experience is desirable.

After employment the individual would be required to work for 2-3 months in the USA prior to commencement in London.

Both the parent companies involved in this venture have strong financial backgrounds based on an excellent record of success both in Europe and the USA. A gradual expansion of this innovative travel service is planned throughout other countries in Central Europe offering excellent prospects to the person selected.

Please apply in writing with full curriculum vitae to:

The Managing Director
AIRCCONTACT LIMITED
20 Pall Mall
London SW1Y 5NE

MONEY DEALER DUBLIN

Our banking operation continues to expand and we now wish to appoint an additional dealer to our existing team.

The new dealer will play an important role in our money market activities and will also undertake certain management and administrative duties.

Ideally, candidates will be in the 25-30 age group and will have a minimum of five years' experience in a dealing environment. Foreign exchange dealing experience will be a decided asset.

The salary for this position will be fully competitive and will reflect its importance. Fringe benefits are excellent.

Applicants should write and enclose a detailed curriculum vitae to:

F. J. Healy, Personnel Officer
The Investment Bank of Ireland Limited
91 Pembroke Road,
Ballsbridge, Dublin 4

Director Business Development

This is a board appointment for a leading British company, turnover approaching £30m., in the field of plant and labour services for the construction/civil engineering industry.

London-based, responsibility will be to the Managing Director for all corporate planning, investment and acquisition activity, and membership of key decision-making bodies will ensure a central role in company general management.

Preferably aged 35 to 45, candidates must be MBA's, desirably with a first degree or professional training in civil or structural engineering. A record of successful line management experience in a similar field—perhaps shipbuilding—is looked for, as is substantial involvement in planning and business development. The potential—and ambition—ultimately to move on to a chief executive role is indicative of the desired outlook.

Salary for negotiation around £14,000 plus Rover 3.5 and other large-company benefits including top hat pension.

Please send relevant details—in confidence—to W. A. Griffith ref. B.522.

This appointment is open to men and women.

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France Germany Holland Ireland Italy
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International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Experienced Investment Analyst

A major UK pension fund requires an experienced investment analyst to join an existing team. The successful candidate will be responsible for representing the fund in meetings with managements as well as preparing written reviews on the fund's holdings in particular sectors.

Candidates should have a professional qualification, or a degree, and at least 2 years' relevant experience in the research department of a stockbroker's office or an institutional investment department.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1144.

This appointment is open to men and women.

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Put yourself into tomorrow testing a wide range of electronic and electro-magnetic equipment.

A basic salary of £45K is backed up by a 17% shift allowance plus pension scheme, bonus scheme, and relocation allowances.

Candidates may have ONC/HNC/C&G or proven experience.

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EXECUTIVE EMPLOYMENT BULLETIN
International Management
McGraw-Hill House, Maidenhead
Berkshire, SL6 2GL, England

Zambia Secretary/Chief Accountant

for a successful company set up six years ago by its West German parent to manufacture and sell clothing in Zambia. The company is expatriate managed and employs 280 people. Sales have risen to £3m. with net profits well into six figures.

Candidates must be qualified and have previous experience in manufacturing industry as Chief Accountant and Company Secretary.

Initial salary c. £15,000 p.a. including a gratuity payable at the end of the two year renewable contract. Benefits include free house, car and education allowance.

For further information and application form please telephone (01-629 1844 at any time) or write—in confidence—to P. A. Sandham ref. B.8540.

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RESEARCH FELLOWSHIP INFLATION ACCOUNTING

The Social Science Research Council wishes to appoint a research fellow in inflation accounting in October 1978. Applications are invited from experienced accounting researchers to review the debate on inflation accounting and/or alternative approaches to measuring the economic performance of business enterprises under inflationary conditions. The appointment will be for two years and may be made at up to professional level.

Further details are available from Mike Brennan, SSRC, 1, Tuppence Avenue, London EC4Y 0BD. Telephone 01-383 5262, ext. 28. Closing date for receipt of applications is 18th February, 1978.

Export Finance Merchant Banking Specialists

Our specialist Export Finance business continues to expand with growing success in the fields of ECGD Buyer Credits, the financing of Supplier Credits and our Group's Confirming House facilities. We can now also offer Eximbank and Coface financing.

Our Group's ability to contribute sizeable funds to our Export Finance transactions has been one of the many reasons for our successful expansion which now leads us to seek specialist executives, men or women, in two different aspects of Export Finance:-

Buyer Credits

Candidates should have had at least 3 years' experience in dealing with sterling and foreign currency Buyer Credit, preferably in a merchant banking environment. A knowledge of the Eurocurrency and foreign exchange markets will be necessary. Preferred age range: 25 to 35.

During 1978 individual transactions concluded or in final stage of negotiations ranged from US\$2 million to US\$300 million.

Confirming House Facilities

Candidates should have had at least 3 years' experience in dealing with extended term financing. They must have a thorough knowledge of ECGD and Confirming House facilities and of the documentation required. Preferred age range: 25 to 35.

During 1978 individual transactions concluded ranged from £100,000 up to US\$50 million.

The successful candidates will deal with customers both in this country and abroad at the highest levels, and have responsibility for developing new and existing business.

There will be travel both in the UK and overseas.

The total remuneration package, which includes mortgage assistance, is extremely attractive.

Please apply in writing with full career details to:
Rodney Barker, Grindlay Brands Limited,
36 Fenchurch Street, London EC3P 3AS.

Grindlay Brands

A member of the Grindlays Bank Group

Financial Director West Africa \$42,030 per annum

An international mining consortium in collaboration with the World Bank operating in the Republic of Guinea require a qualified and experienced Financial Director to assume responsibility for the entire Accounting activities. This will cover all aspects of the Company's operations including cost control, internal auditing and data processing department (IBM 360).

The Financial Director must have a proven record in accountancy management with experience in all relevant spheres together with a knowledge of American accounting systems. The position requires that the successful applicant be fluent French/English.

The appointment will be on a two year contract basis which is renewable and the salary will be \$42,030 per month free of tax with additional 25% payable in local currency.

Six weeks home leave after 12 months service with paid transportation. Benefits include low rental modern air conditioned furnished accommodation, free medical care and life insurance. Free schooling for children up to the age of 14 years will be provided on location with liberal allowance to cover education outside West Africa above that age.

Please send career details quoting reference H111:FT, to Charles Hyde, Charles R. Lister International Limited, Acacia House, Hayes Road, Southall, Middlesex, UB8 3NJ.

LISTER
Charles R. Lister International Ltd.
Personnel Consultants
A member of the IAL Group

FINANCIAL DIRECTOR

Small public holding company requires a mature and experienced Accountant to assume overall financial responsibility as Financial Director of its two main subsidiary companies, one of which is based in London, each with its own Company Accountant.

This is a new appointment and applicants should preferably be aged approximately 45 years and will ideally possess a cost and management background, together with sound financial knowledge and have previously held positions of overall financial responsibility in manufacturing/sales and marketing orientated companies.

Commencing salary will be negotiable from a base of £10,000 per annum and a company car will be provided.

Applications together with fully detailed curriculum vitae should be sent, in confidence, to The Chairman, Box A.6621, Financial Times, 10, Cannon Street, EC4P 4BY.

Accountant/ Company Secretary

Salary: Negotiable

Recently D.O.T. approved Insurance Company (Capital £5m) requires an A.C.A. or A.C.I.S. with at least three years commercial experience, to control its accountancy and secretarial work from the imminent start of its operations.

For further information please write to Mr. D. R. Whately. Confidentiality can be relied on. Reference 446.

WHATELY PETRE LIMITED,
Executive Selection,
6 Martin Lane, London EC4R 0DL.
Tel: 01-623 9227.

Instalment Credit Company seeks NEW BUSINESS EXECUTIVE

Bournemouth/Southampton

We are looking for an experienced executive aged 25/40 to join an enthusiastic team, active in the larger unit commercial and industrial hire purchase, leasing and first mortgage or professional fields. Well able to enlarge the area of operations through existing contacts.

The successful applicant will preferably be already based in the Bournemouth/Southampton area, or prepared to move there on appointment.

Salary commensurate with ability and experience. Company car provided and other benefits include Non-contributory Pension and Life Cover; BUPA; Permanent Health Insurance Scheme; House Mortgage facility at preferential rate and four weeks' annual holiday.

Please apply in writing to:
Box L154, Walter Judd Limited,
(Incorporated Practitioners in Advertising),
12, Bow Lane, London EC4M 3EJ.



Business Journalists

Prominent international business information service is establishing Editorial Bureau in London Area for coverage of Western Europe, Middle East and Africa. Seeks writers/desk researchers with various levels of experience in Business Journalism and Industrial Market Research. Knowledge of economics and European languages desirable.

Applications indicating experience, qualifications and special areas of interest should be directed to:

G. Holmes, Editorial Director
BUSINESS INTERNATIONAL, S.A.
12 Chemin Rien, Geneva, Switzerland

TRADE ASSOCIATION EXECUTIVE

£4,000-£5,000

A challenging opportunity to use your sound administrative skills with total responsibility to progress your career in a group of Trade Associations. You will be responsible for the administration of a Trade Association progressing a new concept in food and grocery distribution, organising, attending, and reporting on meetings and providing an information and advisory service to members. If you are between 20 years of age and have a proven track record contact Pervez Hussain for further details on 01-405 0454 Drake Senior Appointments (Consultants) 121, Kingsway, W.C.2

**PORODISA INTERNATIONAL TRADING
COMPANY LIMITED
HONG KONG**

FINANCIAL ADVISER

WE ARE LOOKING FOR A MATURE PERSON TO JOIN OUR CORPORATE GROUP AS FINANCIAL ADVISER TO THE PRESIDENT.

He will be experienced in corporate financing and be able to negotiate with International Banks on an Executive Level.

Excellent salary and fringe benefits for right individual. Location South-East Asia.

Interviews will be conducted in Europe.

Reply to P.O. Box 3538, General Post Office, Hong Kong.

General Manager

MD Potential

London, to £10,000 + car + profit share

Our clients are a private company marketing a range of specialty stationery for home and commercial use. Reporting to the Chairman, the successful candidate will control over 30 personnel and assume responsibility for the profitable operations of the company including buying, marketing, sales, distribution, new products.

N.P.S. Lilley, Ref: 22088/FT.

advertising, PR, planning and administration. Applicants will be aged 30-40 with a successful track record in General Management in the stationery or allied industry and be able to demonstrate both commercial acumen and leadership which have led to profitability. Prospects and benefits are excellent.

Commercial/Contracts Director

Light Engineering

Birmingham, c. £9K + car

Sound planning, strong control, professional management and a committed workforce coupled with tremendous effort and the right products are all factors which have led this public group of companies, turnover c. £6 million into an ambitious investment and new product development programme. Manufacturing, technical, S & M, purchasing and financial control strengths are evident - the task is to provide leadership to the sales office, estimating, pricing and cost investigation functions and to stimulate home and export sales growth by the

development and application of astute commercial policies. A major contribution to corporate control exercised by the executive team is also required. If you are a numerate engineer or professional accountant aged c.35 who has broadened your base by gaining sharp end commercial experience in a similar industrial environment you will find this new opportunity most rewarding. The comprehensive remuneration package is to say the least unusually attractive and includes bonus/profit participation.

D.N. Clohesy, Ref: 22016/FT.

These positions are open to male or female candidates. Please telephone in confidence for a Personal History Form, quoting the appropriate reference to:

LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

UNIVERSITY OF EXETER LECTURESHIP IN ACCOUNTANCY

Applications are invited for a Lectureship in Accountancy in the Department of Economics, Finance and Accounting, University of Exeter, from 1 October 1979. Commencing salary within the range £3,415-£5,131 (plus fringe benefits) on the salary scale £3,415-£7,754 per annum. Further particulars may be obtained from Miss Doreen Watson, University of Exeter, to whom applications (with copies) should be sent by 16th February 1979. Please quote reference number 3195.

Management Accountant

c. £7,000

NW London

As part of a multi-business organisation employing over 21,000 people in the UK our client is the undisputed UK market leader in car radio and associated equipment.

They now require a fully qualified Management Accountant whose overall responsibility will be to devise, install and operate management accounting systems paying particular attention to the current programme of computerisation.

Duties will also involve assisting the Chief Accountant in Export and Overseas Operation accounting activities and deputising in his absence.

An attractive salary is offered together with a productivity bonus scheme, generous relocation allowance and the usual large company benefits.

Contact Jane Brooks,
(01) 235 7030, Ext 246.
Applications are welcome from both men and women.

RESEARCH ANALYSTS

A leading firm of London Stockbrokers is currently looking for one or two research analysts to join its expanding Research Department. While preference will be given to analysts of proven ability in the electronics, oils or financial sectors, other areas of specialisation will be considered.

Successful candidates will be expected to produce regular written material and to service a large domestic and overseas clientele.

Flexibility and enthusiasm are prime requirements for the ideal candidates, who will enjoy working in a stimulating international environment. Salary negotiable depending on age and experience.

Please write with curriculum vitae and present salary to Box A.6622, Financial Times, 10, Cannon Street, EC4P 4BY.

Chief Accountant

c. £12,000 + car

Located in London, our Client is a well known company and one of the leaders in its sector. Engaged in the manufacture and sales of fast moving consumer goods throughout the world, the U.K. operations are being restructured and a new position has been created for a Chief Accountant.

Reporting to the Managing Director, the appointee will be responsible for the total Financial and Management Accounting functions. There are currently around forty staff in the Accounting departments. Of particular importance will be the need to establish improved management standards throughout the accounting activities and beyond. There will thus be close liaison with the other members of the management team to achieve greater effectiveness and profitability.

Candidates, male or female, must be qualified accountants, minimum age 30, who have had sound industrial experience. The ability to motivate a large team, and a decisive management style are essential.

Benefits include a car, free B.U.P.A. and a non-contributory Pension Scheme.

Please apply in writing, giving your telephone number, and quoting Ref. 908, to Peter Barnett F.I.P.M., M.I.M.C., Barnett Keel Ltd., Providence House, River Street, Windsor, Berks SL4 1QT. Tel: Windsor 88723. Telex: 848323.

Barnett Keel
MANAGEMENT SEARCH

Chief Accountant

Major British Company

to £12,000 p.a. + car

Our client is a major manufacturer of household name consumer products. The company is successful, expanding and profit orientated.

They now have a requirement for a Chief Accountant who will report to the Financial Director, and be responsible for the financial function within the company and its subsidiaries.

Our client is seeking a qualified accountant, probably aged 28-35 and ideally a graduate. The successful candidate will have held a senior management role in a sizeable commercial organisation, possessing experience in a progressive professional practice.

A quality car will be provided together with considerable fringe benefits and relocation expenses. The appointment has exceptional career potential.

Please write to or telephone S. W. J. Adanson F.C.A., Grosvenor Stewart Limited, Hamilton House, 15 Titcher Street, Huddersfield, Telephone Huddersfield 55303 (24 hour answering).

GROSVENOR STEWART
Executive Search and Selection

INTERNATIONAL BANK ACCOUNTING

£3,750 £5,000

Rather more than half a dozen of our International Bank clients are keen to find people with good practical accounting experience.

These positions cover such varied ground as:-
Management Accounts/Information,
P & L/Balance Sheet preparation,
Bank of England returns,
Nostro Reconciliations,
F/X Accounts generally,
and occur at a wide range of levels.

To discuss the opportunities in the light of your own experience and career objectives, please telephone John Chiverton A.I.B. or Ann Costello.

JOHN CHIVERTON 31, Southam Road, London W.C.1
ASSOCIATES LTD. 01-242 3841

CHIEF ACCOUNTANT

Chief Accountant required by a Group of Private Companies in Essex engaged in the wholesale and retail meat trade. This post involves the preparation of monthly management accounts and annual accounts together with the supervision of all accounting and related administration functions. The commencing salary envisaged is about £7,500 p.a. A company car will be provided and there will be participation in the Company Pension Scheme after a probationary period. Please write with full personal details and C.V. to C.H.C., Rumford Chambers, 33, Market Place, Rumford, Essex, RM1 3AB, reference P.M.

Young Accountant with commercial bite

At least £8,000 - S.E. London

Your qualification says you're an Accountant (probably Chartered, maybe Management or Certified) but your instinct and your style pick you out as primarily a commercial operator. Numbers, to you, mean money, and marketing's your scene. You're probably about 28, and your plan for the future is to use your finance skills to move into marketing and then into general management. Now you know who we're writing this for - but what are we offering? The company, international and with a multi-million-pound turnover, produces luxury items which are marketed directly, aggressively and profitably. The international aspect means perpetual debate and negotiation between various operations across the world: the man or woman - in the middle will represent the best financial interests of the company as a whole, justifying policies and decisions in the face of questioning and even opposition from highly commercial senior management, who will represent their own subsidiaries' viewpoints. It's not a comfortable job, but if you're flexible enough, tough enough to stand up and fight for a point of view and have a commercial brain quick enough to convert numbers into profit implications during negotiation, you'll enjoy the struggle... and the success. What's more, that success will lead to quick career development, in either the Finance or the Marketing field. Please write with full career details to Terry Ward.

Applications, which may be from male or female candidates, will be treated in complete confidence and should quote reference 504TRW.

BROOK STREET EXECUTIVE RESOURCES LIMITED
47 Davies Street, London W1Y 2LN. Telephone 01-499 7382



PA International

Finance Director

Contracting
to £14,000 + car

A major subcontractor to the construction industry seeks a Finance Director to replace the present incumbent who is being promoted. Reporting to the Managing Director, this appointment carries responsibility for all aspects of the financial control of a decentralised company with a turnover in excess of £25m. As a member of the Board he/she will also be involved in general company policy and plans.

The successful candidate will be a qualified Accountant who must be fully experienced in the legal and financial aspects of contracting. Preferred age 35-45. Salary up to £14,000, company car, excellent benefits and relocation expenses, if appropriate, to the London area. Reply to: PA Advertising Ref: 1/K7328/FT.

Director & General Manager

Light engineering
from £12,000 + car

The subsidiary of a large public engineering-based group is seeking an experienced senior executive to develop and direct a newly formed marketing and manufacturing company. Based in the North-West, the individual will be required to set up and control a plant assembling gas flow control equipment, as well as introducing a marketing policy to sell the new product range to UK and foreign public utilities. Aged 35 to 45 and qualified to at least HNC level, candidates should have specific experience of selling at top level and negotiating contracts with nationalised industries, as well as the man-management skills to control an expanding engineering production unit. High emphasis will be placed on export sales and marketing and knowledge of German would be an advantage. The starting salary will be at least £12,000, a car is provided and assistance will be given to relocate. Reply to: PA Personnel Services Ref: GM55/6710/FT.

have specific experience of selling at top level and negotiating contracts with nationalised industries, as well as the man-management skills to control an expanding engineering production unit. High emphasis will be placed on export sales and marketing and knowledge of German would be an advantage. The starting salary will be at least £12,000, a car is provided and assistance will be given to relocate. Reply to: PA Personnel Services Ref: GM55/6710/FT.

General Works Manager (Director Designate)

Mass production and processing
of steel products c. £9,000 + car

The company is a very successful subsidiary of a well-managed £60m turnover international group operating in the Manchester area and employing 200 people. A General Works Manager is required to be wholly responsible for the line manufacturing and processing activity conducted in two adjacent factories. Candidates aged between 30 and 40 years, must have had engineering experience but proven general management skills are more important than technical expertise. A high level of ability in man management is essential. Career development prospects within the group are excellent and successful performance judged over a period of approximately 12 months will earn a local Directorship. Salary is negotiable around £9,000 plus car and assistance with relocation costs will be considered. Reply to: PA Personnel Services Ref: GM55/6731/FT.

expertise. A high level of ability in man management is essential. Career development prospects within the group are excellent and successful performance judged over a period of approximately 12 months will earn a local Directorship. Salary is negotiable around £9,000 plus car and assistance with relocation costs will be considered. Reply to: PA Personnel Services Ref: GM55/6731/FT.

Senior Management

Principality Building Society

Wales' leading Building Society has its Head Office in Cardiff and with 33 branch offices provides a vital service to house purchasers and investors. Recent changes have produced the need for an Assistant Secretary at the Head Office to take charge of the Financial Accounting and Data Processing functions of the Society. With a department of 15 staff, the task will be to develop the necessary financial systems and books of account, using an NCR computer to provide a comprehensive data and control service for the Society. Candidates should be qualified accountants with considerable practical experience in computer based accounting and control systems. Preferred age range is 30-45 years. Salary will be over £7,500, a car is provided and special mortgage facilities make up very attractive service conditions. Reply to: PA Personnel Services Ref: AAS2/6705/FT.

comprehensive data and control service for the Society. Candidates should be qualified accountants with considerable practical experience in computer based accounting and control systems. Preferred age range is 30-45 years. Salary will be over £7,500, a car is provided and special mortgage facilities make up very attractive service conditions. Reply to: PA Personnel Services Ref: AAS2/6705/FT.

PA Advertising

Initial interviews are conducted by our clients unless otherwise stated. Please send comprehensive career details to PA Advertising, quoting the reference number on the envelope. Replies, which should not refer to previous correspondence with PA, will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent.

PA Personnel Services

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

Hyde Park House, 60a Knightsbridge, London SW1X 7LE
Tel: 01-235 6060 Telex: 27874

Reply Procedure

Unless specifically stated all these appointments are open equally to men and women.

REDUNDANT EXECUTIVES

INTEREXEC provide Britain's largest and most comprehensive confidential career advisory and job searching service for senior executives entering the employment market either in the U.K. or overseas. INTEREXEC clients are never expected to register with an agency, apply for a job, research an employer, prepare any written presentation, write a letter or even find vacancies. INTEREXEC trained staff undertake all this and more to assist executives to secure senior positions quickly and effectively. If your future is in doubt, contact INTEREXEC, 31 Southampton Row, London WC1B 5JH. 01-404 4321

de ZOETE & BEVAN

STOCKBROKERS
wish to recruit an
ACCOUNTANT

for their Private Clients Department. This is a new appointment offering great scope in an expanding Department. The applicant will probably be aged 27-35 and experience in the field of Investment/Tax Planning would be an advantage.

Replies in strictest confidence to:

J. C. Cowley, de Zoete & Bevan
25 Finsbury Circus, London EC2M 7EE



Dyfed County Council, in co-operation with the six District Councils in the County through the Dyfed Industrial Development Joint Committee, is committed to a policy of reducing unemployment throughout its area and to this end the County established in 1974

THE DYFED INDUSTRIAL DEVELOPMENT UNIT

The Unit provides advice to firms in the County wishing to expand or maintain employment, and to firms outside the County considering the establishment of new enterprises within Dyfed. The County Council is now seeking replacement for the retiring County Industrial Development Officer, Mr. P. A. Grou, M.B.E., and, at the same time, has decided to expand the staff of the Unit to provide senior geographical coverage of the County. Applications are, therefore, invited for the following posts in the County Secretary's Department:

1. COUNTY INDUSTRIAL DEVELOPMENT OFFICER (SEC. 77) - CARMARTHEN

GRADE: PO2(c) £7,565-£8,715 inclusive of Supplement
The successful candidate will be responsible for the effective operation of the Unit and for the preparation of all reports for the Industrial Development Joint Committee. He/she will advise the County Council on all matters relating to industrial and commercial development.

2. ASSISTANT INDUSTRIAL DEVELOPMENT OFFICER (SEC. 93) - HAVERFORDWEST

GRADE: PO1(c) £4,513-£7,236 inclusive of Supplement
The two Assistant Industrial Development Officers will be responsible to the County Industrial Development Officer and while assisting him/her as required throughout the County, will pay particular attention to the needs of firms in their respective areas.

3. ASSISTANT INDUSTRIAL DEVELOPMENT OFFICER (SEC. 103) - ABERAVERN

GRADE: PO1(c) £4,513-£7,236 inclusive of Supplement
The two Assistant Industrial Development Officers will be responsible to the County Industrial Development Officer and while assisting him/her as required throughout the County, will pay particular attention to the needs of firms in their respective areas.

Applicants for all three posts must have held a responsible position in industry (preferably in an Associated Area) or have direct experience of industrial development work. For the post of County Industrial Development Officer, experience at a senior managerial level will be required. Applicants must be self-motivated, willing to work outside normal hours, and capable of negotiating on their own at boardroom level with potential employers as well as understanding the needs and problems of small businesses. A knowledge of existing industry in Dyfed would be an advantage.

For all three posts a certain amount of travelling outside the County will be required and an Essential Car User Allowance will be paid. Application forms, returnable by 15th February 1979, are available from the Director of Personnel & Management Services, County Hall, Carmarthen.

CANVASSING DIRECTLY OR INDIRECTLY WILL DISQUALIFY.

PRIVATE CLIENT FUND MANAGER

A Director is required to manage the UK private clients business of a growing fund management group. He/she will be responsible for managing clients' discretionary funds and marketing investment services.

The successful candidate, aged 28-38, will have had several years' experience of taking investment decisions and handling a range of clients either with a stockbroking, merchant bank or fund management business. If a stockbroker, he/she will currently be producing at least £50,000 commission.

The reward package will have a value of approximately £20,000 and will include car, pension fund etc. and an opportunity to acquire shares in the equity of the business. Please write or telephone in confidence to:

Somerset Gibbs
Directorship Appointments Limited
17 Devonshire Street
London W1N 1PS
(01) 580 7357

SPENCER THORNTON & CO. SALES & RESEARCH EXECUTIVES

We are a medium sized firm of Stockbrokers with specialist research coverage in the electrical/electronic/engineering sectors of the market and have need of additional Executives to expand our services to our U.K. and European clients in the following departments:
U.K. Institutional Sales
U.K. Investment Research
European Institutional Sales

Written preference will be given to experienced personnel, younger applicants wishing to further their careers will also be considered. A knowledge of French and/or German is desirable for the European vacancy. Please write in the first instance with full career details to: R. J. Frake Esq., Warnford Court, 29 Throgmorton Street, London EC2N 2JL.



GROUP ACCOUNTANT

SALARY NEGOTIABLE

C.V. and salary requirements to:

The Group Financial Controller,
Samuelson Film Service Limited,
303/315 Cricklewood Broadway, London NW2 6PQ.

Credit card sales executives

Carte Blanche International, one of the world's leading travel and entertainment credit card companies, has recently been acquired by Citicorp, the international banking group. Carte Blanche is marketed towards the highest spending segment of the population and we are currently strengthening our outlet affiliates in London and Edinburgh.

We need high calibre sales executives (men or women) to provide the power behind this expansion. If you are 25 or over, have some selling experience and the ability to negotiate at the highest levels then you could be one of them.

Training will be provided. Career opportunities with us could hardly be better. We're growing fast, and so will you.

Salary is excellent and a company car is provided. A very attractive range of benefits - which will add considerably to your earnings in real terms - includes low-cost mortgage and personal loan plans and non-contributory pension.

Please write with full career details to:
A.G.M. Burden,
Sales Director Europe,
Carte Blanche International Limited,
Confederation Life House,
50/52 Chancery Lane,
London WC2A 1HL.



Tayside Regional Council

Senior Depute Director of Finance

£10,143-£10,845 per annum
(Ref: 531/78)

The Regional Council is seeking a successor to the present Senior Depute Director who has been promoted to Director and will take up post in May, 1979. The Finance Department has a staff of some 200, with overall responsibility for management of the Council's financial affairs, including rating, accountancy, budgeting (current revenue and capital budget £130 million), computer section, loans, insurance, superannuation, internal audit etc. The Senior Depute's duties cover a wide range, including the control and co-ordination of day-to-day running of the Department and staffing matters.

Applicants should hold an appropriate professional qualification in accounting and be able to demonstrate extensive experience gained at senior level within a local authority finance department.

Application forms and details of the post are available from, and returnable to, the Principal Personnel Officer, 15 Albert Square, Dundee, tel: Dundee 23281, Ext 3881. Closing date for receipt of applications is 9th February 1979. Candidates of either sex may apply.

Reed Executive

The Specialists in Executive and Management Selection

Financial Director

ZAMBIA £20,000 + First Class Benefits

By any standards this is a top appointment affording an exceptional challenge. The company is a leading mining group and consequently plays an important role in the Zambian economy. A sophisticated computerised accounting system is operated and an international team of highly qualified personnel employed, based at Head Office in Lusaka.

You will be responsible for all financial matters including the raising of funds from overseas sources. You must be qualified with relevant experience and in possession of highly developed accounting, financial and diplomatic skills. The initial contract is for three years with a terminal gratuity on completion.

Telephone 01-836 1707 (24-hour service) quoting Ref: 0910/FT
Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

UNIVERSITY OF ASTON IN BIRMINGHAM MANAGEMENT CENTRE

ECONOMICS, ECONOMETRICS, STATISTICS AND MARKETING GROUP

Applications are invited for a LECTURERSHIP IN MARKETING in the above Subject Group to complement the existing two senior lecturers and two lecturers in Marketing.

An interest in Purchasing and/or International Marketing would be helpful, but the Management Centre needs to cover general teaching at undergraduate, postgraduate and post-experience levels, so that applications with any specialisms will be welcome.

The successful applicant will be required to undertake lecturing and small-group tutorial teaching for all the above categories of students. In addition, the successful applicant will be expected, and will be given the opportunity, to undertake research and publication in his/her specialist area, and limited funds are available to support such research.

The successful applicant will be expected also to share in the administration of the Centre. Commencing salary will be within the range £2,835-£5,842 p.a. on a scale of annual increments to £7,784 p.a. (under review).

Application forms and further particulars may be obtained from the Staff Officer (Ref. No. 532/27), University of Aston in Birmingham, Gosta Green, Birmingham, B4 7ET (Tel: 021-359 3011, ext. 301) to whom applications should be forwarded not later than 23rd February, 1979.

Ambitious Analyst?

London, Manchester, Leeds.

Over \$6,000+ car. Freedom. Mobility. Responsibility.

Become a key individual in the fastest growing minicomputer company in Europe.

Contact Jim Davies for the facts that matter.

0992 50541

£10,000-15,000 OIL PERSON

This international American company offers excellent prospects for an oil-field engineer to be a member of a London-based team for projects valued at 2 billion.

You will be involved in locating drilling and storage operations in Scotland.

If you have a high standard of education and at least 5 years' off-shore drilling experience then contact:

Perez Hassan
DRAKE
SENIOR APPOINTMENTS (Consultants)

01-405 0454
121, Kingsway, WC2

City

C&L

£15,000 - £20,000 plus?

INSTITUTIONAL SALES

Chemicals - Pharmaceuticals

A leading firm of stockbrokers requires an outstanding individual for the chemical and pharmaceutical sectors. He or she should be an acknowledged expert in these fields and enjoy a first class reputation with institutions. Terms are entirely flexible and will not be a limiting factor. Early partnership prospects are excellent. Please send brief details of career to date - in strict confidence - to J. G. Cameron, Executive Selection Division, ref. C364 at the address below.

COOPERS & LYBRAND ASSOCIATES LTD.

Management Consultants
Shelley House, Noble Street, London, EC2V 7DQ.

A new approach to your career

If you are an able, experienced executive or professional person, yet somehow you are not making the most of your potential, perhaps you need a new approach to your career. We specialise in assessing and developing senior people towards personal career satisfaction, to take charge of their own futures and to make the most of their talents and experience to achieve optimum personal and financial rewards. If you're not entirely happy with the way your career is going, why not come and meet one of our professional Career Advisers, without cost or obligation. For your personal, confidential appointment phone or write to us now.

FREDERICK CHUSID & COMPANY LTD.
Consultants in Executive Evaluation and Career Advancement.
London: 35 Fitzroy Street, W.1. Phone 01-637 2386
Telex: 444444 CHUSID
We are not an Employment Agency.
Satisfactory Answering Service.

Dealing Opportunity

Mabon, Nugent International Limited, a wholly-owned affiliate of Mabon, Nugent & Co., New York, members of the New York Stock Exchange and other principal exchanges, has opened a London office to expand its bond brokerage activity in Europe. The firm would like to employ ambitious people with experience dealing in bonds, equities, foreign currency or other debt instruments. Candidates should have at least two years' experience; salaries are negotiable. Interested parties should contact Mr. Thomas S. Roeder, Managing Director. Telephone: 01-248 0878.

MABON, NUGENT INTERNATIONAL LIMITED
5-7 Queen Street, London EC4N 1SP. Telex: 862280.

RETIRED EARLY? JOIN A MANAGEMENT CONSULTANCY

Client Service Executive, 50-55, to work 3/5 days weekly for International Management Consultancy Group in new W1 offices (near Warren St. Station). We need someone with initiative, good organising and administrative ability plus an excellent telephone manner to take responsibility for this important facet of our work. Duties include organising New Business activity, telephone Client Servicing, and maintaining Client Record systems for our team of Consultants. Excellent salary (dependent on days worked). For appointment phone Ruth Shelley on 01-388 3051.

ALANGATE AGENCY

F.X. DEPOSIT DEALER, age 24+, £7,000-£8,000
ASSISTANT TO LOANS OFFICER, age 24+, £4,500-£5,500
DOCUMENTARY CREDITS, age 30, £5,000-£6,000
EXCHANGE CONTROL ASSISTANT, age 24+, £3,500-£4,500
ACCOUNTS RECONCILIATIONS, age 24+, £3,500-£4,500
CASH DEPARTMENT ASSISTANT, age 18/20, £3,500-£4,500
EUROBOND SETTLEMENTS, age 20/22, £3,500-£4,500
FOREIGN EXCHANGE INSTRUCTIONS AND SETTLEMENTS, age 20/22, £3,500-£4,500
BOOK-KEEPER for Money Brokers, age 20/22, £3,500-£4,500
ACCOUNTS, computerised system, £3,500-£4,500

DELLA FRANKLYN
78, Queen Victoria Street, London EC4A 3DF. 01-248 6071

PROJECT ENGINEER

£8,000 plus car
(Food & Pharmaceuticals)

A progressive group offers a young, self-motivated Project Engineer, excellent conditions and prospects, BUPA and a profit share scheme. Engineering and drawing office experience and HNC (eng) are desirable and you will contribute to various projects including water systems, filtration plant, etc. in process industries.

Contact: Ron Bradley DRAKE SENIOR APPOINTMENTS (Consultants) on 01-405 0454 121, Kingsway, WC2

SENIOR EXECUTIVES

If you are in the job market now - we are here to help. Courts Careers provides: * Excellent job search assistance. * A thorough knowledge of the job market. * Contact with top recruitment. * Confidential and expert counselling. * A superb Secretarial back-up. Telephone now for a cost free assessment meeting.

Percy COUTTS & Co.
01-839 2271
140 Grand Buildings Trafalgar Square, London WC2.

BANKING VA A.C.I.E.S

£4,000-£10,000

Send for a current free list of positions in Banking, Finance, etc. All levels of qualification and degree of experience.

Mrs. Caroline Jones 01-405 5209

DAVID WHITE ASSOC. LTD.
Banking Recruitment Consultants
34 Kingsway, London WC2.

Q.S.

Q.S. Banking Consultants
30-31 Queen St. London, EC4A 3DF. 01-236 0731

Financial Controller Director Designate

Circs £10,000+car
Highly aggressive, growth oriented, advertising group urgently require a young qualified C.A. preferably with experience of an advertising or similar commercial organisation. Contact Neil Macmillan for the fact that matter.

The Personnel People
Tel: 01-638 2158

LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY C.A.R. IN POLITICS

Applications are invited for the Chair in Politics in the Department of European Studies. It is anticipated that the appointee will be offered the headship of the Department on a five-year re-lective basis. Candidates' special interests are not prescribed but a knowledge of and interest in EEC politics would be desirable. Salary within professional range. Requests for further particulars and application forms to Paul Johnson, Establishment Officer, ref. 79/04 STU, Loughborough, Leicestershire.

ACC. TANT. REQUIRED

For small group of companies on the South Coast. The position which is a new one due to the expansion of the group offers scope to the right person who must be able to converse at all levels. Help will be given with motivation where necessary. Salary negotiable in the region of £3,500. Please reply with full details of c.v. to: Box A.6820, Financial Times, 10 Cannon Street, EC4P 4BY.

CHIEF CONTROLLER

Senior skilful and traveller with accountancy qualification and flair for administration in other small sector position in London-based world travel service. Excellent prospects and good salary.

Write Box A.6815, Financial Times, 10, Cannon Street, EC4P 4BY.

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If you are looking for early responsibility, are ambitious, hard-working and a self-starter, John Carrington & Co. would like to hear from you. We are a rapidly growing and very successful firm of Investment Managers, specialising in the management of funds for private clients and pension funds and are looking for an investment assistant to join our small team. You should be in your early twenties, have a good degree and some business experience. Stock Market experience is not essential. This is a challenging position with ample scope for rapid advancement.

Please write, together with full curriculum vitae, to: Mrs. J. A. Neill, JOHN CARRINGTON & CO., 44A Bedford Row, London W.C.1.

LEGAL NOTICES

No. 00175 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matter of HARBOLD LIMITED and in the Matter of The Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was presented to the said Court by J. E. BARRING & Co., Solicitors, on the 15th day of January 1978, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 16th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition, or to appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

J. E. BARRING & Co.,
44, Chancery Lane,
London, W.C.2A 1AA.
Ref. JAH.

No. 00176 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matter of HARBOLD LIMITED and in the Matter of The Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was presented to the said Court by J. E. BARRING & Co., Solicitors, on the 15th day of January 1978, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 16th day of February 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition, or to appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

J. E. BARRING & Co.,
44, Chancery Lane,
London, W.C.2A 1AA.
Ref. JAH.

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The Personnel People
Tel: 01-638 2158

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Earn up to £10,000 P.A.
On behalf of our clients we are currently handling several career opportunities for dynamic young accountants. If you are considering your first move out of the profession or a move from your present company to seek better career progression, then consult us immediately.

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Chairman's Secretary

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This is an attractive opportunity for a secretary who enjoys the stimulus of responsibility at top level, with a salary to match. As the country's leading motor distributors, Henry's are offering all the benefits of a major organisation including car parking facilities and staff restaurant. Our offices, adjacent to Great Portland Street Station, are convenient for the centre of London. Please apply in writing with full details of experience to date to: G. R. Chandler, Henry's House, 385-387 Euston Road, London NW1 3AX.

HENLYS
PART OF THE NATIONWIDE HENLY ORGANISATION

COMPANY NOTICES

To the holders of
BANK HANDLOWY W WARSZAWIE S.A.
Redeemable Floating Rate Deposit Notes due 1982
In accordance with the provisions of the above Notes, American Express International Banking Corporation, as Fiscal Agent, has established the rate of interest on such Notes for the semi-annual period ending 15th July 1979 at 12 1/4 per cent. Interest due at the end of the Interest Period will be available upon surrender to any of the Paying Agents of Coupon No. 8. American Express International Banking Corporation As Fiscal Agent

16th January 1979

BOND DRAWING

NORGES KOMMUNALBAN
7 1/2% 1977/1986 UA LOAN
Bonds for the above loan were drawn on January 24, 1979 in the presence of a Notary Public. The Bonds will be returned until Coupon No. 8 on March 1, 1979. The draw numbers are as follows:
Amount subscribed: Nkr. 5,000,000.
Number of Bonds: 50,000.

Draw No.	Draw No.	Draw No.	Draw No.
3087 to 3214 incl.	3225 to 3234 incl.	3235 to 3273 incl.	3274 to 3283 incl.
3284 to 3293 incl.	3294 to 3303 incl.	3304 to 3313 incl.	3314 to 3323 incl.
3324 to 3333 incl.	3334 to 3343 incl.	3344 to 3353 incl.	3354 to 3363 incl.
3364 to 3373 incl.	3374 to 3383 incl.	3384 to 3393 incl.	3394 to 3403 incl.
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THE VAN DIJCK'S LAND COMPANY

NOTICE IS HEREBY GIVEN that a Special General Meeting of the Van Dijk's Land Company will be held at 100, Old Broad Street, London EC4A 3DF, on Wednesday, 15th February 1979, at 12 noon. The business of the meeting is to consider and, if thought fit, to pass the following resolutions:

1. That the Company be wound up.

2. That the assets of the Company be sold.

3. That the proceeds of the sale be distributed to the shareholders.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSES

Hard chrome line improves product

IN ITS search for constant quality improvement, J. C. Bamford Excavators has installed and is now operating a big new chrome plating line of the Glydo Model 2 type, built by W. Canning Engineering.

The reason for the decision to have its own plant was to back up the company's high reliability claim in that excavator hydraulic ram shafts—the most critical of the moving parts in such machines—require careful manufacture, ending with high quality hard chrome plating.

Formerly, the plating was contracted out with the attendant problems of damage due to transport and lack of full control over every stage of the process.

Reductions in handling and a tightly controlled process with the Glydo have brought marked improvements in quality and a cut in cost per component.

The line is 48 feet long by 12 high and 21 wide. It has ten process tanks all eight by eight feet and in varying lengths and

is now turning out hard chromed ram shafts at a rate equivalent to 100,000 units a year.

Total rectification in the line is 28,750 amps.

The pre-set programme control unit was also devised by Canning. This has a photo-electric reader which transmits sequential lift and traverse instructions to the transporter holding the rams and gives variable dwell times at the chrome etch stage.

Other companies from the Canning group were responsible for important ancillary equipment. Pollution Control designed and supplied the effluent treatment system which has its own independent control panel. The extraction system for the cleaner and hot swill has a capacity of 3,000 cubic feet per minute and was fabricated by Electrofluid. There is no need to extract chrome fumes as the line uses the company's Milmist spray suppressant.

W. Canning Engineering, Great Hampton Street, Birmingham B15 6AS, 021 236 8621.

RESEARCH

Efficient use of light

ALTHOUGH it is still in the experimental stage, a new approach to harnessing solar energy through semiconductor solar cells could bring down the cost of this type of system by quite a large factor.

A group working at the Fraunhofer Institute of Applied Solid State Physics at Freiburg in the German Federal Republic has devised a solar plate which will collect diffuse light and focus it on to the small area of a solar cell with considerable efficiency.

It operates very simply. Diffuse sunlight falls on a sheet of plastic containing dye molecules which will fluoresce when illuminated. This fluorescence is captured to the extent of about 75 per cent within the plastic plate and is retracted backwards and forwards between the plate's surfaces till it emerges at the edge of the plate as a tightly focused beam.

This concentrated light can very easily be channelled directly to a strip of solar cells.

The research team, led by Professor Goetzberger, is seeking to improve efficiency still further by producing light of a wavelength particularly suitable for solar cell operation. They have made sandwiches of plastics made up of three layers, each containing a different fluorescing dye and producing along their edges beams of green, red and infrared light.

It is early days, but the research team is thinking of a unit that could transform 15 per cent of the impinging solar energy to electricity and the remainder into useful heat, extracted through the cooling of the solar cells.

BASF, Hoechst, and Bayer are to work with the institute to develop dyes specifically for the furtherance of this project.

SAFETY

Protection from the vapours

INVISIBLE organic vapours in some sprayed paints are held to be far more damaging to the human lung than paint particles and many of the relevant ministries around the world have prescribed the use of air hoods to protect workers.

One simple, but effective hood, produced in Belgium, takes in compressed air through a silencer so that the wearer hears little more than a slight hiss. Some of the air feed is blown over the surface of the visor to prevent paint particles from settling and thus progressively obscuring vision.

Air flow is adjusted by a valve which cannot cut off supplies accidentally since it is calibrated so that even in the closed position, enough air comes through to keep the user comfortable.

The compressed air tube is attached to the valve through a special coupling which ensures that, as it is disconnected, so air flow is cut off. Thus there is no tendency for



the tube to be violently projected away from the valve's orifice.

Over the whole of the hood, an extra transparent plastic shaped "cagoule" can be placed and this is so cheap that it can be thrown away when it becomes paint-fogged in use.

Further details from Els Vandepitte, Provinciesteenweg 180, B-2530 Boechout, Belgium.

INSTRUMENTS

Detection of flaws

SAID TO be the smallest and lightest ultrasonic flaw detector available, is the PA1011, from Baugh and Weedon, Widmarsh Street, Hereford HR4 9EZ (0432 676711).

It is portable and designed for use in the factory or on site where it can carry out tests using single probe, double probe and separate transmission and receiving probe methods at operating frequencies from 0.5 to 15 MHz. This allows flaws to be detected over a depth range in steel, for example, from less than 10 mm to about 7 metres.

The company announces a new concept in underwater thickness gauging with its Seaprobe 200. Self-contained within a pressure-sealed case, it is suitable for operation down to 200 metres, and makes measurements on all metallic rough, smooth and corroded surfaces.

All controls have been eliminated through pre-calibration, and digital reading of thickness is achieved simply by pressing its integral probe against the surface to be measured.

An automated eddy current

test system for checked welded and seamless tube and rod for surface defects during production, is Eddycheck Lab 2. Prüftechnik KG designed it in Germany, and it is now introduced to the UK for detecting surface defects by electronically comparing measurements from adjoining areas.

With test frequencies switchable between 1 and 1,000 KHz, inspection of a full selection of materials over a wide range of speeds is possible. Modular construction of the equipment allows it to be matched exactly to requirements while giving adaptability to changing test conditions later.

Fourth new instrument announced by the company, which is the result of a co-operative venture with French distributor Escofier SARL, is the A35 materials sorter and tester.

About the size of a pocket calculator, it can be used to sort materials by grade as well as measuring hardness, degree of carburisation, and depth of case hardness.

All these test instruments are to be shown at Inspec 79 at the National Exhibition Centre in Birmingham, April 2-6.

ELECTRONICS

Keeps the voltage constant

OF PARTICULAR interest to those who export electrical and electronic equipment and domestic appliances to developing countries where the mains voltage constancy may leave something to be desired, an electronic stabiliser from Gould can solve the problem. For equipment consuming up to 500 VA.

Known as the ELC500, the unit is an alternative to the constant voltage transformer and uses digital integrated circuits to provide a low cost compact device that will produce 240 V ± 6 per cent for input voltages varying between 155 and 265 at full rating. A nominal 220 V output model can also be supplied.

The design is able to handle the high transient starting loads of electric motors as well as the low mean/high peak pulse loads of, for example, colour television receivers.

More from Gould Electronic Components Division, Raynham Road, Bishop's Cleeve, Notts. (0279 55155).

MAINTENANCE

Less labour to clean floors

AN AREA of some 10 acres in a round-the-clock operation can be washed, scrubbed and dried by a cleaner which performs these tasks without a trailing cable.

Self-propelled and battery operated, it can work on sloping floors, the traction being via urethane driving wheels.

There are three models of the Pandamatic floor scrubber/dryer, and the system will retain particles down to sub-micron size. A reverse drive is standard on the model 150 and optional on models 750 and 750E.

Operating work is minimal, says maker UFA Panda (division of Norris Industries Rusden), Irchester Road, Rushden, Northants, NN10 6XF. (Rushden 58745).

COMPUTERS

Philips to have big Amdahl

FIRST order from Holland for a big Amdahl machine similar to the largest one recently bought by Philips Airways, has been placed by Philips for use at its Eindhoven centre.

The £2.2m 470V/77 machine will be delivered in April and will be installed alongside existing IBM machines, though it will specifically take over the workload now running on Philips P1400 computers.

The V/77 will have 12 input/output channels and is to be used both to support time-sharing activities and in coping with batch workloads.

In the meantime, Amdahl has set up a Dutch company, operating out of Amsterdam and has disclosed that it is planning to establish a number of other sales and service centres throughout Europe, where its installations now total 25 very large machines.

Amdahl continues to expand quickly. Results just in for 1978 indicate that total sales were 70 per cent up at just over \$320m, with profits before tax at \$58m against \$54m, or 45 per cent higher. Net was up to \$45m from \$26m, the latter figure not being strictly comparable however because it includes extraordinary credits.

Indications from the company connected with these results are that it proposes to double the amount it is spending on development. At the same time, it is expecting growth in leasing operations.

Amdahl (UK), Viking House, 29 Lampton Road, Hounslow, Middlesex TW3 1JD. 01-572 4312.

QUALITY CONTROL

Shows up the cracks

AN INTEGRATED inspection plant for the dye penetration location of cracks in metal parts has been designed by Ardrex and is aimed particularly at laboratory and small production applications.

In it, small components undergo immersion, washing, drying, developing and inspection, without risk of spillage or contamination, in a volume which measures 12.5 ft long, 2 ft deep and 6.5 ft high.

Fluorescent or visible dye penetrant processes using either post-sensitizable or water-washable penetrants can be employed and additional free-standing tanks of similar

design enable more than one penetrant to be used.

The equipment is in two parts. The first has stainless steel tanks which allow for penetrant immersion, excess penetrant removal and washing. The second provides for drying, application of developer in a "dust storm" cabinet, and inspection under ultraviolet light.

Controls for all the operations, including the push-button for dust and the thermometer and thermostat dial for the drying oven are housed in a central control panel.

More from Furlong Road, Bourne End, Bucks. (062851 24951).

HANDLING

Senses the speed

A SIMPLE magnetic sensor that will reveal any slowing down of expensive conveying equipment such as belt or screw conveyors, bucket elevators, shafts or pulleys is offered by Hymatic Industrial Controls of Redditch.

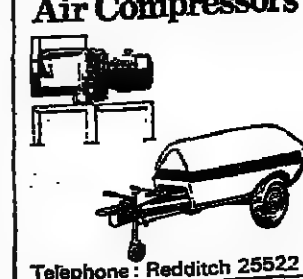
Each time a magnetic field, created by a probe, is cut by a ferrous moving object (integral with the equipment or deliberately attached), a voltage pulse is generated at intervals related to the speed of the machinery and is internally amplified so that it can be transmitted up to 6,000 ft down a cable. Pulse

rates from four to 6,000 per minute can be accurately sensed.

The probe will operate at gap distances up to four inches for an equipment velocity of 200 ft/min, and at one inch if the velocity is about 5 ft/min. A smaller probe is available for operation with reduced gaps.

Impervious to water, dust, material build-up and most chemicals, the probes are ruggedly constructed and can operate between -51 deg. C and +260 deg. C. More from Orchard Street, Redditch, Worcs. B98 7DP. (0527 67941).

Hydrovane Air Compressors



Telephone: Redditch 25522

HEATING

On-the-spot warmth

PERSONNEL IN small workshops, warehouses, agricultural buildings and maintenance areas need to be kept warm economically but not necessarily on a continuous or regular basis, says Wysepower, in introducing its propane gas-powered space heater.

Particularly for use in confined areas, this heater can provide instant warmth which is said to be dry and odour-free. It weighs 35 lb and has an output of 130,000 BTU.

More from the maker at Grove Road, Everton, near Gillingham, Sandy, Beds. SG19 2EX.

Simple pump is very efficient

TWO EXAMPLES of a four-stroke internal combustion pump are on the verge of going into action in Nepal and Egypt. They are Humphrey pumps of a type developed at Reading University and reported there to be capable of simple manufacture from ordinary materials with minimal workshop machinery and skill.

The University's machine runs on natural gas and has also run on town gas, propane and butane. It should also run on biogas—methane from agricultural waste—but that requires more development because such gas may have to be scrubbed clean of carbon dioxide. Liquid fueling should also be possible, but has yet to be developed.

Meanwhile, in pursuit of utility in remote places, Reading's research is being applied to a means of battery-less ignition, simplifying design still further.

The principle of the pump is due to Herbert Humphrey, whose first presentation of it broke office records at the Institution of Mechanical Engineers in 1909. Not every engineer who tried to produce Humphrey pumps succeeded.

however—a two-cylinder 1,000 hp version attempted by Siemens Schuckert in Germany wrecked itself when it was first started up.

There were successful designs but, perhaps, partly because of the development difficulties, the Humphrey pump fell into disuse until it was revived at Reading University recently.

The pump is essentially a U-tube. The water in the tube serves as a piston, oscillating between one limb and the other of the tube. The thermodynamic cycle is not the conventional four-stroke one, the Otto, but the little-known Atkinson cycle. When the air-fuel mixture is ignited, water in one limb is driven down. Momentum carries the water round the bend until the air pressure in the first limb is low enough for the suction valve to open and water to be drawn into it. As the water content of the U-tube is replenished at this end, water at the other end is being expelled through a delivery port.

Momentum spent, the water in the U-tube reverses its direction of flow and climbs back into the first limb. The suction valve is closed, the exhaust

gases are driven out through the exhaust port, and eventually the exhaust valve is closed by the rising water surface. The air thus trapped bounces the water back again, and the air-fuel inlet valve opens to admit a charge so that ignition can start the next cycle.

The theoretical Atkinson cycle efficiency exceeds Otto by a comfortable margin but is no use for an engine because the strokes have to be of different lengths, and mechanism for the purpose would be overly complex. With a liquid piston of varying length, a U-tube cylinder and gravity the complexity disappears and direct pumping becomes possible.

However, small Humphrey pumps are inefficient because of high heat losses. And all sizes lose heat to water droplets in the combustion chamber. The high thermodynamic efficiency is therefore largely illusory. But the simplicity of manufacture, operation and maintenance do seem to be attainable following the Reading University work.

N. G. Joyce, Department of Engineering, University of Reading, Whiteknights, Reading, Berkshire RG6 2AH. Telephone 0734 85123.

METALWORKING

Saving heat in a big steel mill

BRITISH Steel Corporation has gained what it describes as a world lead in the operation of computer control for the reheating furnaces which supply rolling mills with adequately heated semi-finished steel.

British Steel Corporation's computer control system, developed by research staff at its automation centre at Battersea Laboratory, in co-operation with management and men at Teesside Works, is now fully operational at the Lakenby coil plate mill.

During the six-month commissioning period the system achieved fuel savings in excess of 15 per cent, or £5,000 a week, compared with manual operation, at a mill output level of less than 50 per cent of capacity. Additionally, the system has improved mill performance and product quality and reduced furnace maintenance costs.

The system has been so successful that a simple version is already being installed in another mill within Teesside Works and schemes are being drawn up for its application throughout the Teesside Division.

Other areas of British Steel Corporation are adopting the system and the "know-how" is being marketed abroad under licence by United Kingdom equipment suppliers.

Detailed evaluation over the past six months has shown

that at full output of 30,000 tonnes/week, energy cost savings of \$500,000 a year will be achieved on the Lakenby coil plate mill.

The control system, developed over a period of ten years, ensures optimum output at least cost. The system includes a delay strategy to reduce heat losses during intermittent mill operation with no loss of output on resumption of rolling. Other energy savings result from matching heat input to mill output and product requirements.

Re-heating furnaces are one of the larger users of fuel in the steel industry and represent an annual energy cost to BSC of about \$80m.

PACKAGING

Filling a self-seal container

A LIMITING factor when Minigrip resealable polythene bags are used for volume packaging—as for example when goods are packed for retail sale—has been the fact that for shorter runs the bags have normally had to be hand-filled, which has made the operation unavoidably labour-intensive.

Now a range of form, fill and seal machines has been specifically designed by Roeder Engineering (a sister company of Supreme Plastics, the sole UK manufacturer of Minigrip bags) to allow automated packing of goods in Minigrip, at speeds of up to 30 packs per minute.

Aimed at the small to medium volume user of Minigrip bags, Autogrip machines offer the facility to cope with individual items—such as stationery, textiles, or solid components—as well as with small engineering parts, sweets or granules. The Autogrip machines use Minigrip tubing rather than individual bags. The closure strip is opened for insertion of the product, then reclosed before the tubing is cut and welded into sealed finished packs.

Each machine can be quickly adjusted to accommodate different sizes of pack, from 65mm by 85 mm to 315 mm by 315 mm. This makes the machines particularly suitable for applications where short runs of diversified items must be packed. Packing speed can be varied from intermittent single

packs to speeds up to 30 packs per minute, depending on the pack size, nature of filling, and pack contents.

Supreme Plastics, Supreme House, Vale Road, Haringey, London N4 1QB. 01-802 4202.

Gets it into the bag

EFFICIENCY of bagging lines will be much increased with the use of a reel-fed sack applicator from Webster Offish, says the company at Holst House, Dudley Road, Tunbridge Wells, Kent TN11 1LE (0892 39426).

Designed to place 25kg capacity valve-type sacks on up to four filling spouts, the machine is fed from a reel of 2,000 sacks, rather than from the conventional stacked magazine.

Better space utilisation, simpler empty bag storage and handling, are certain benefits, and the system is said to ensure sack quality since storage damage is virtually eliminated. Furthermore, paper or plastic sacks can be supplied.

Sack reels are delivered on pallets, two reels per pallet providing a total of 4,000 sacks, where they can then be fitted with a spindle and mechanically lifted on to the feeder.

The sack placer automatically puts the valve sacks on to the filling spouts, and can serve up to four spouts. An interlocking device between packing machines and the Valvomat ensures that, in multi-spout installations, an empty filling spout is automatically supplied with an empty valve sack. This means, says the company, that packing output is continuous and consistent, enabling the placer to supply up to 1,200 sacks per hour.

CONSTRUCTION

Four-wheel loader

AN articulated four-wheel drive loader, the MF33C, has been launched in Britain by Massey-Ferguson. The loader is powered by a Perkins engine, and has a standard bucket size of 13 cubic yards.

The MF 33C extends the number of models in this class of machine to five. For handling lighter materials, bucket sizes up to 24 cubic yards are available, all with an optional device to enable buckets or a range of attachments to be quickly interchanged.

Massey-Ferguson is at Banner Lane, Coventry (0203 463211).

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What does the future hold for The Gulf?

Will the development momentum be maintained? Are there still major contracts to be won? How much real progress has been made? What are the pitfalls—both legal and financial—for the future?

These and many other questions will be examined and discussed at 'Business in The Gulf', a Financial Times Conference to be held at Grosvenor House, London, on January 30 and 31.

Among the speakers will be H. E. Sayyid Mana Saeed Al-Otaiba, Minister of Petroleum and Mineral Resources, Abu Dhabi; Dr Jawad Hashim, President of the Arab Monetary Fund; Dr Ziad H. Idilby,

Senior Vice President of the First National Bank of Chicago; Lord Seldson, Director of Samuel Montagu & Co. Ltd. (Midland Bank Group); Dr David H. Sambar, Chief Executive, Sharjah Investment Company (UK) Limited; Mr Tarek M. A. Shawaf, President, Saudi Consulting Services.

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THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Europe's advertising is 'boring, trivial and uninformative'—report

Striking a light for increased share

LESTER DELANO and Donald L. Kanter do not exactly mince words. Mr. Delano is president of Campbell-Ewald International, part of the Inter-public group, and Professor Kanter, a social psychologist from the Graduate School of Business Administration at the University of Southern California, is at present visiting professor at the London Business School. This week they published a report on a recent six-country survey of attitudes and responses towards advertising carried out across Europe by Campbell-Ewald, entitled *Sounding Brass: How Advertising Bore People and Wastes Money*.

They don't beat about the bush. According to them, the research "suggests that a majority of advertisements are seen as boring, predictable, trivial and uninformative. The evidence is highly suggestive that the majority of companies are wasting some or all of their advertising budgets, and in the process ignoring their customers' requirements."

At a time when advertising is under such concerted attack in all parts of the world, it may seem odd for a major advertising agency to be seen rushing into print with research findings that indicate fairly colossal failures by the advertising business on a pan-European scale. But Mr. Delano and Professor Kanter, who in their report go on to explore the reasons for the findings, propose remedies, see their work as a plea for advertising which should engage and inform the consumer as well as liberate the producer from wasteful expenditure.

The quota sample consisted of 2,300 women, married with at least one child living at home, with total net household income of a minimum of £2,000 or equivalent, drawn from Britain (500), France (500), Germany (500), Italy (400 each) and Belgium and Holland (250 each). Fieldwork was carried out between June 19 and July 21 last year. The sample women are said to represent, statistically, nearly half of all European discretionary income.

Taken with a growing number of other findings, the research indicates quite unequivocally that in the main, advertising is failing to distinguish one manufacturer from another. In spite of heavy expenditure, there is little to make one brand stand out from another. It seems almost as if manufacturers have absent-mindedly lost pride in their products. True, they attach their name (or their brand name) to what they make, yet they hide their own identity as makers behind a clutter of trivial product claims.

Unimpressed, the women interviewed volunteered that advertisements tended to use similar words and phrases to make similar claims, and that advertising frequently failed to create confidence in the pro-

A new study claims that most European manufacturers in most product categories are serviced with safe, non-creative advertising whose ineffectiveness is masked by overblown media budgets. Companies are failing in their customer and corporate responsibilities, claim the authors. Report by MICHAEL THOMPSON-NOEL.

ducer. For example, only 41 per cent of respondents could agree that advertisements for package holidays and travel gave them confidence in the travel companies. 60 per cent thought toothpaste advertising emphasised unimportant brand differences. 62 per cent thought advertisements for petfoods hardly ever changed, only 40 per cent thought that advertisements for frozen foods made them think again about which brand to buy. Worse, as well as failing to stimulate, advertising was failing to provide the information shoppers were seeking.

"The research, in addition to exploring general consumer attitudes, analysed 16 product categories, country by country. Within certain clear variations there is evidence of Europe-wide advertising failure."

"There is a wide range of variation in attitudes. Eighty-one per cent of the Dutch say pharmaceutical advertising hardly ever changes, compared with only 34 per cent of the French who say the same of hi-fi advertising. Personal insurance stimulates only 6 per cent of the British to discuss this advertising with friends, while a staggering 83 per cent find it difficult to tell the insurance companies apart."

Over 60 per cent of Europeans say that advertising for beer, pharmaceuticals, toothpaste and pet foods "hardly ever changes". In general, advertising is seen as uninformative. "The sameness of advertising appears from the research to be related in the eyes of Europeans, to the sameness of brands, confirming something long suspected by many businessmen."

According to the authors: "We have for a long while intuitively recognised that often an otherwise well-run company wastes much or most of its spending on advertising. What we needed to discover was why? What was going wrong? Part of the answer may lie in the market leader's distribution strength, which can so muffle competition that advertising weakness is masked. This weakness is rarely revealed because the competitor companies with lesser brands tend to play follow-my-leader, copying the marketing practices of the dominant brand."

"Yet often when a company has struck out on its own, the results have been disappointing. Clearly being different for difference's sake is not the right route."

"We start our argument from an important proposition: people are actively seeking identity in an impersonal, banal and increasingly bureaucratized world. People use the objects they consume or own as part of a process of constructing a personal identity. This idea crudely expressed is hardly new. It would be ridiculous to suggest that buying one make of beans rather than another is a critical aspect of personality, but people nonetheless construct a whole system of purchases which not only satisfies functional needs but also provides psychic income."

"It is only a short step to realising that advertising should not be a command: the consumer is not a parade-ground private but an individual. It is our argument that good advertising—that is, advertising which is effective from the manufacturer's point of view and welcome from that of the consumer—joins in and supports the individual's own search processes by offering qualitative differences between not just the products, but also their makers."

According to the authors, a number of recent studies suggest that people become bored and irritated with advertising and tune out. "It is certainly our view that while some companies are simply spending too much on advertising, more are spending it ineffectively. This is not to be resolved by sophisticated juggling with budgets."

"Let us look at another article of the advertising faith which in our view is undermined by the survey. This is the blind adoration of the unique selling point: that unique, if insignificant, element which is carefully identified and then promoted repetitively. The research reveals that consumers all too often find these carefully nurtured product differences trivial and unimportant."

"If our theories have seemed hypocritical of advertising, it is because we believe it is essential from time to time for those engaged in advertising, either as manufacturers or as their agents, to try to see themselves as others see them—even if that vision is an essentially undaring one. If we fail to do this, and fail to learn whatever lessons the experience teaches, then it is at the least highly possible that advertising will become increasingly less productive and more expensive, while facing an ever more hostile public opinion."

The survey showed, for example, that only one-third of the sample think advertisements

present a "true picture of the product." Two-thirds find themselves "sometimes misled by advertisements," and nearly 90 per cent say "advertising makes people (not necessarily themselves) buy goods they don't want." This led three-quarters to assert that governments should regulate advertising. "This hostile climate is not confined to Europe. The figures are comparable with those discussed in the 1974 survey of the American Association of Advertising Agencies."

The authors say their research offers four important lessons: 1) Reliance on media overkill to get results is not only uninformative but even unnecessary given good advertising. It directs company funds away from other forms of product investment, such as improvements in the product through research and development, or in its manufacture through improved processes or plant.

2) Conventional advertising wisdom leads to pointless repetition of trivial differences, to building up the importance of "unique selling points" which are too often fundamentally unimportant and to wasteful and confusing proliferation of brands which are launched when they are not needed and killed off while they still have years of life left.

3) Copy testing, using the wrong criteria, leads to a reinforcement of the established marketing wisdom. Alternative approaches are rarely attempted, because corporate servants like to rely heavily on research. Yet the only research readily available to them asks the least important questions. Under these conditions corporate complacency becomes self-reinforcing and creativity in marketing is stifled.

4) Accusations from politicians and professional critics that advertising manages simultaneously to bore and insult people, yet at the same time bludgeon and compel them to make unwanted purchases, may be muddled, but the accusations undoubtedly have their roots in real life consumer experiences and expectations.

Say the authors: "Our work, supported by the research findings, suggests that most manufacturers in most product categories stand accused of failing their customers and corporate responsibilities. Further there is substantial evidence that advertising agencies, with the occasional rare bright exception, are guilty of producing non-creative safe 'me-ton' advertising, whose ineffectiveness

is masked by over-blown media budgets. It appears that consumers have good reasons for becoming bored and annoyed by advertising. In part the reasons stem from the institutionalisation of the prejudices of advertising practitioners, prejudices so embedded that any research which strongly questions the effectiveness of advertising is automatically rejected as simplistic.

Advertising ought to stimulate curiosity, make differences between brands clear to consumers, illuminate the brand's multiple characteristics and, above all, provide consumers with the qualities of information they are seeking.

"Yet if this is some kind of ideal to be aimed for, our research shows that most advertisements fail on almost every count. Across Europe there is poor brand and advertising differentiation, minimal thinking of brand loyalties, little discussion of shopping choices, little appreciation of the company or manufacturer and advertising which is judged predictable and irrelevant."

"Advertising has a positive contribution to make to total social well-being. If it does not it will fail in its primary job of selling products."

The quota sample consisted of 2,200 women, married with at least one child living at home, the head of household being from social classes B, C1 or C2 (or equivalent), with total net household income of a minimum of £3,000 (or equivalent). The 16 product categories investigated were beer, breakfast cereals, rugs, cosmetics, department stores, furniture, hi-fi stereo, personal insurance, electrical appliances, pet food, pharmaceuticals, toiletries, toothpaste, packaged holidays/travel, supermarkets, frozen foods and instant soups.

Sounding Brass, by Lester Delano and Donald L. Kanter, 75p. Campbell-Ewald International, 30 Eastbourne Terrace, London, England.

IMAGINE YOU had just reviewed your market situation and discovered: a) over 15 years, more than a quarter of your market volume has simply disappeared; b) your own sales volume is declining even faster than the market's, so that you have lost close to 30 per cent in sales though your share is still around 55 per cent; c) you have regularly spent up to £250,000 a year on advertising; d) opportunities to expand volume have increased steadily over those 15 years, but have been taken by competing technologies; e) you are losing share to products that can undercut your trade prices by up to 15 per cent.

Just an everyday tale of marketing life? You may be right. In this case the company is Bryant and May, and the market in question the lights market, "lights" referring to what are described as acts of ignition rather than illumination as in Blackpool, writes Michael Thompson-Noel.

According to Brian Miller, the situation described above was the situation confronting Bryant and May in 1975 when it launched a new management policy incorporating a revitalised sales and marketing approach. Mr. Miller, who has worked for Unilever, Birds Eye, Ponds, Imperial Foods and Ferrero, is Bryant and May's sales and marketing director.

B and M currently claims 83 per cent of the £52m UK match market. But the going has been tough. Writing in LWT's Marketing Review, Mr. Miller says that by 1975, when 89bn matches were sold, sales had dropped significantly despite substantial overall growth in the lights market. The competitor, of course, was the lighter, increasingly the disposable lighter.

Over the period 1960 to 1975, sales of lighters in unit terms had increased by 268 per cent. The match seemed doomed, and with it, Bryant and May, which as virtually the only UK producer was being buffeted in the match market itself by

lower-priced imported brands, many from Iron Curtain countries.

"Increases in advertising expenditure had not helped. In 1975 Bryant and May spent around £250,000 on advertising (largely on posters—often prize-winning designs), but there was little other match advertising, and lighters were spending three times that amount, principally on TV."

Faced with falling sales and aggressive competition from disposable lighters, Bryant and May has struck back in the £52m UK match market with fresh management and marketing programmes.

Yet consumer research had begun to point up interesting possibilities. While lighters were thought to be smart, modern, fashionable and exciting, they were also considered costly, expensive to repair/replace, and unreliable. While matches were thought ordinary, dull, unfashionable and out of date, they were also thought to be cheap, easy to replace and reliable.

Forty-three per cent of smokers still claimed to be loyal match users. Swan Vesta, with around 27 per cent of total sales, was found to be the only truly national brand; but B and M's regional brands, like Scottish Bluebell, Puck, Pilot, England's Glory and Bryant, were all found to possess clear, if latent, consumer images in their own right.

"The final encouragement came when, in researching possible pack design changes, the consumer gave us a very clear indication that traditional designs were not to be meddled with—the match and its label

were symbols of reliability. In fact, we were led to revert to designs current around the turn of the century, and these immediately evoked an enthusiastic response."

After a hectic period, the way was clear for new management and marketing programmes, which were introduced carefully and in stages. Since 1976, B and M says it has

● Sharpened its approach to the trade—more salesmen, better national account coverage, more organised callage, greater volume and a variety of trade promotions;

● Developed a range of sell-in, sell-out promotions for wholesalers;

● Introduced regular on-pack consumer promotions;

● Introduced TV advertising, initially for Swan Vesta, more recently for some of the regional brands;

● Launched a new national brand, Cook's Match, aimed directly at the domestic (ie, non-smoking) market.

In two years, B and M spent nearly £700,000 on TV on Swan alone, using Doyle Dane ads. B and M had moved in the nick of time. The lights market—acts of ignition—had fallen sharply. As it was, with matches beginning to outspend lighters in advertising terms, sales of matches grew by nearly 4 per cent over the same period. Curiously, while more matches had been sold, so had more lighters, testimony to the aggressive progress made by disposables.

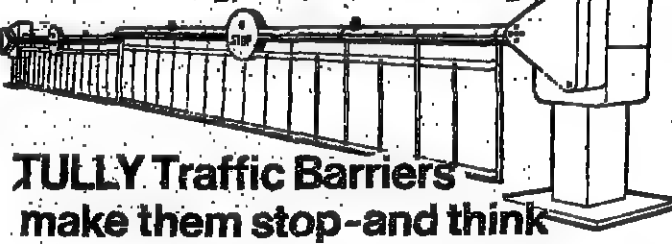
As B and M's advertising continues to restore respectability to match usage, says Mr. Miller, so the smoker is happy to be seen using them. The company used the early part of last year to experiment with advertising weights and further use of consumer promotions. Match volume was up again last year, and B and M has increased its share above the level of 77.

It's heartening to hear that even a semi-commodity like matches can be turned around with a little old-fashioned effort.

What do wine drinkers look for?



Security in Industry



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22

LOMBARD

The Budget and the election

BY SAMUEL BRITTON

AN EARLY spring election has been pencilled into the diaries on many Whitehall desks. Not only is it widely believed that the Government will lose its Commons majority after the Scottish referendum on March 1, but Ministers have actually heard Mr. Callaghan say that he favours "an early election with a long campaign." This is interpreted to mean either March 20 or more probably April 5.

Personally I would put very little money on the present Prime Minister voluntarily announcing an election with the opinion polls against him. But election uncertainties have a crucial importance for the timing of the Budget. If there is to be an early spring election the Budget must be either very early, in fact, March 6, to leave room for the campaign or be postponed until after Easter, which comes late this year. Indeed, March 6 is the last possible date on which the Prime Minister could have a pre-election Budget and even leave open the option of going to the country early.

Easter

The working assumption in Whitehall is that, election or no election, the Budget will probably be after Easter. May 1 is the last Tuesday by which the Chancellor would be legally bound to introduce his proposals. The difficulty which strikes me about a post-election Budget is that the Opposition would be able to taunt the Government with having a newly budget concealed in its cupboard.

The Government does not have to make up its mind on Budget dates, even internally, until a surprisingly small number of days beforehand. This applies especially if all it introduces is the famous three or four clause measure, the size of a folded menu sheet, which would just renew the income tax powers, fix personal allowances and provide for the renewal of the Regulator.

Ministers will clearly be anxious to avoid a decision until they have had a forecast of next year's public sector borrowing requirement. Mr. Healey committed himself in the little-noticed Parliamentary answer to Mr. Nigel Lawson that his borrowing requirement would not exceed that provided for in the public expenditure White

LORD DENNING's latest book, *The Discipline of Law*, was published on Tuesday, to mark the judge's 80th birthday. In his 38 years as a judge he has contributed to the reform of business law probably more than any other single person. Still more important is his part in the reform of family law, concerning divorce and matrimonial property, though in this he was carried on a crest of a great wave of social change.

However, the best tribute to a man of 80 is that what he did last week excited opinion more than the previous achievements of his long career: this was the effect of his latest judgment concerning industrial relations. In this field he does not travel on the crest of a wave; he defends the discipline of law which is always under pressure in times of revolutionary change.

The judgment last week concerned an appeal by the Advisory, Conciliation and Arbitration Service (ACAS) against a decision of Mr. Justice May. He had declared null and void a report by ACAS that it could not recommend the recognition of a small trade union which was opposed by big unions threatening industrial trouble if they did not have their way. Dismissing the appeal, Lord Denning relied on two fundamental principles of English law. The first, derived

from Roman law, is that the general provisions of a statute do not overrule its more specific provisions. In the particular case of the Employment Protection Act, 1975, this would mean that the specific duty of ACAS to encourage the extension of collective bargaining cannot be relinquished by giving priority to the general duty of ACAS to improve industrial relations. According to Lord Denning's reading of the Act, Parliament prescribed the first to be the method by which the second was to be achieved.

The second fundamental principle of English law defended by the judgment is the freedom of every citizen to associate with others for the protection of his interests. With specific reference to the freedom to form trade unions this is included in Article 11 of the European Convention of Human Rights. The suppression of that freedom had been the result of government used by means of the discipline of the workforce. Lord Justice Brandon agreed that ACAS failed but Lord Justice Lawton dissented, making a point which is crucial to the present situation of the country. He said that the Government must take account of the fact that the law would make a recommendation unless the

case is now on its way to the House of Lords.

DEMURRAGE is an ugly word under all circumstances, but never more than at times, like the present, when the loading and unloading of ships in British ports suffers from the combination of bad weather and the lorry drivers strike. It denotes the detention of a ship

terminal port north of Casablanca. It was a condition of the charter that the vessel should not arrive at Mohammadia before December 1, 1976. Another clause of the charter-party provided that "where delay is caused to Vessel getting berth after giving notice of readiness for any reason over which the Charterer has no control, such delay shall not count

10 days delay caused by bad weather would not have caused liability for demurrage. The reason for this would be that as the vessel had still 10 minutes of lay time available, on arrival, the bad weather would have prevented them from using those 10 minutes for 10 days, so that at the end of the bad weather they would still not be in demurrage, which would start only 10 minutes after the weather had cleared.

It is quite understandable that the charterers felt that such formal interpretation of the contract did not do justice to the original intentions of the parties. The owners of the vessel, they argued, suffered no loss by the complete exhaustion of the lay time while loading in the Gulf. Had the loading been completed in half the time actually used, the tanker would have had to wait off Mohammadia for an additional 20 hours, it was not supposed to arrive there before December 1. Bad weather, they argued, was excluded from the counting of lay time by the charter party. The arbitration which followed resulted in an award favourable to the owners of the tanker. It appears that had the tanker arrived with as little as 10 minutes of spare lay time there would have been no question that the charterers were entitled to not only an extra six hours after arrival but also that the

award. It rests on formal logic applied to the charter-party in the light of rules and definitions established by authorities. The judge would have nothing to do with the "might have been" consequences of an imaginary earlier arrival. Instead he stressed the common law maxim "once in demurrage, always in demurrage." He did not like the vague way in which the term "used lay time" was employed in the charter-party. "The liability to demurrage falling upon a charterer in such circumstances," he said, "is his misfortune." It was not beyond the charterer's powers to protect himself by the insertion of exemption clauses applicable to periods on demurrage. But there was no such clause in this case. In the own way this is a convincing judgment, but one leaving the defeated party still vexed. The case may yet appear in the Court of Appeal.

Those anxious to avoid a similar experience should state positively in the charter-party that demurrage can only be incurred by the time used either loading or discharging or by other specified events. Though U.S. arbitrators were more favourable to the charterers in the similar case of *Alfama Monarch*, the comments made by Mr. Justice Mocatta on their award make it quite clear that nothing less than a positive statement restricting demurrage would pass in his court.

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

beyond the number of "lay days" allowed for loading and unloading in the "charter-party," the contract between the owners of the ship and those hiring it for a certain voyage. One would tend to believe that the term rests safely on a ground covered by a thick carpet of precedent marine judgments. Yet litigation concerning demurrage is very frequent and that between Nippon Yusen Kaisha and S.A. Héroclime de l'Industrie du Raffinage illustrates the pitfalls of sloppy drafting of a charter-party.

The Moroccan company chartered from the Japanese owners a tanker to carry crude oil from a Gulf port to Mohammadia, a

Saturday's Cheltenham could join toll of snowed-off fixtures

WITH THE abandonment of today's Huntingdon and Taunton cards the number of fixtures lost to date this season is up to 67, and worse seems to be in store.

Cheltenham, where four inches of snow covers the course, seems doubtful for Saturday. Alan Morris, Cheltenham's general manager,

Tote Jackpot Chase, the Tote Double Chase and the Tote Chase, for there is no likelihood of those events being rescheduled. The abandonment of the Tote Treble Hurdle in particular will be a big blow, for the 19 left in include Kybo, a 6-1 chance for the Waterford Champion Hurdle, as well as other leading fanciers for that race in Connaught Ranger and Western Rose.

however, is that some punters who have switched their attention to greyhound racing could be lost to racing for good. Levy paid to the Horserace Betting Levy Board by the bookmakers for the 1978-79 financial year will be about £12m.

Fire brigades in computer link

A ONE-YEAR pilot scheme giving fire brigades direct access to computerised information on chemical emergencies will come into operation early this year.

The scheme, known as Hazfile, is being launched jointly by the National Chemical Emergency Centre at Harwell and the Home Office, and 15 selected fire brigades will take part in it.

RACING

BY DOMINIC WIGAN

reports that there is no frost in the ground there at present, but the drastic nightly fall in temperatures is freezing the covering of snow, and in the process allowing little thawing to take place in the daytime.

If Cheltenham succumbs to the weather it will mean the loss of three new Tote events, the

One organisation which will fortuitously avoid loss of revenue through the freeze-up is the Horserace Betting Levy Board. Up to this year the levy from bookmakers has been assessed in relation to a bookmaker's turnover in the previous year, but from April 1 this year a bookmaker will pay levy in respect of his current turnover. As a result of this the Horserace Betting Levy Board is not suffering any direct loss of levy due to the present situation. A possible long-term effect,

TV Radio

BBC 1

9.41 am For Schools, Colleges, 12.45 pm News, 1.00 Pebble Mill, 1.45 Ragtime 2.00 You And Me, 2.15 For Schools, Colleges, 3.50 Regional News for England (except London), 3.55 Play School (as BBC2), 4.00 am, 4.30 Don and Pete, 4.35 Jackanory, 4.40 The Space Sentinels, 5.00 John Craven's Newsround, 5.05 Blue Peter, 5.35 Ludwig, 5.40 News, 5.55 Nationwide (London and South-East only), 6.20 Nationwide, 6.35 Tomorrow's World, 7.20 Top Of The Pops, 7.55 Blankety Blank, 8.30 Butterflies, 9.00 News, 9.25 The Good Old Days, 10.15 Andre Previn's Music Night, 11.05 Tonight, 11.45 Weather/Regional News

F.T. CROSSWORD PUZZLE No. 3,880

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28

ACROSS

1 Mountainous outfit may be third or fourth choice of driver (4, 4)

2 Scurvy of stockings Pole selected (6)

3 After the match, relative appears, legally (3, 3)

4 Eight pain-killer to which replies to adverts are addressed (3, 6)

5 Card considered to be sincere (9)

6 Perfect one kind of timber (3)

7 Equal female briefly with one selector (3, 3)

8 Correct equipment then getting roughed up (7)

9 Minister from the east joins builder (7)

10 Stove looks proper useless (6)

11 Sayings recorded by office machine without using phone (5)

12 Offer cut up by problem on board (4, 2, 3)

13 Most important thing for mother at home with children (4, 5)

14 Reproach relative after start (5)

15 Minor having silver in no quiver (5)

16 Gate-crashed because I'd turned awkward (8)

DOWN

1 Elevation of honest beginner to boat-race crew (6)

2 Stimulate leaving as arranged (6)

BBC 2

11.00 am Play School, 5.10 pm Open University, 5.35 News On 2 Headlines, 5.40 Charlie Chaplin in "The Count", 6.10 The Fishing Race, 6.25 When The Boat Comes In, 7.45 Mid-Evening News, 7.50 Newsweek, 7.55 Midweek Cinema: "Queen Christina", starring Greta Garbo, 10.05 Don't Forget To Write! In A Country Churchyard, 11.55 Late News, 11.40 Open Door

LONDON

9.30 am Schools Programmes, 12.00 Little Blue, 12.10 pm Rain-bow, 12.30 The Cedar Tree, 1.00 News, plus FT edition, 1.20 Thames News, 1.30 Crown Court, 2.00 Money, 2.10 News, 2.25 Danger UXE, 3.20 Parents Day, 3.30 Looks Familiar, 4.20 Little House On The Prairie, 5.15 Mr. and Mrs., 5.25 News, 5.30 News, 5.35 News, 5.40 News, 5.45 News, 5.50 News, 5.55 News, 5.60 News, 5.65 News, 5.70 News, 5.75 News, 5.80 News, 5.85 News, 5.90 News, 5.95 News, 6.00 News, 6.05 News, 6.10 News, 6.15 News, 6.20 News, 6.25 News, 6.30 News, 6.35 News, 6.40 News, 6.45 News, 6.50 News, 6.55 News, 7.00 News, 7.05 News, 7.10 News, 7.15 News, 7.20 News, 7.25 News, 7.30 News, 7.35 News, 7.40 News, 7.45 News, 7.50 News, 7.55 News, 7.60 News, 7.65 News, 7.70 News, 7.75 News, 7.80 News, 7.85 News, 7.90 News, 7.95 News, 8.00 News, 8.05 News, 8.10 News, 8.15 News, 8.20 News, 8.25 News, 8.30 News, 8.35 News, 8.40 News, 8.45 News, 8.50 News, 8.55 News, 9.00 News, 9.05 News, 9.10 News, 9.15 News, 9.20 News, 9.25 News, 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THE ARTS

Record Review

Michelangelo's Debussy

by DOMINIC GILL

Debussy: Preludes, Book I complete. Michelangelo. DGG 2531 200 (£4.35)
Chopin: Waltzes 1-14. Krystian Zimerman. DGG 2530 965 (£4.35)

These are puzzling performances. The flawless precision of Michelangelo's piano playing is a legend — and not only on record: I have a tape of a live BBC broadcast by Michelangelo of Ravel's *Gaspard* that is not merely without a single false or fluffed note, but without any kind of misplaced or misgauged colour or gesture from the first bar to the last. It is an astonishing performance, and also one of the most exciting and brilliant I have heard, recorded or live.

Gaspard is one of Michelangelo's most famous tours de force. But his comparatively small public repertoire also embraces the whole of Debussy's keyboard oeuvre, of which he is long known to be a most distinguished exponent. This new record of Volume I of the Preludes sent me straight back, after only ten minutes of the first side, to listen to Michelangelo's earlier Debussy disc of the *Images* which I had praised so highly eight years ago, and returned to so often since. Had I been deceived, or in the interval changed my ideas entirely about the performance of Debussy? Images were a reassurance: here was still

unquestionably the tone and manner of the master, the aristocratic poise I had remembered, commanding the same delicacy, penetration and vigorous authority.

The new Preludes strike a different chord. They fascinate: yet at the same time there is something chilling to their literal, icy perfection. At their most detached, they speak with no kind of human voice; and even at their most animated, they are moved by no human heart. These recording sessions caught Michelangelo never the slightest or most untemperamental of great artists — on a cloudy day. The surface of "Voile" is perfect, but flat and two-dimensional, strangely unnuanced. The little forte gusts of wind in "Le vent dans la plaine" actually sound — have the words even been used before to describe Michelangelo? — heavy-handed. Every chord and voice of "Les sons et les parfums" is exquisitely balanced — but the effect is literal-minded, not *souple* but severe.

The hills of Anacapri, picked out bright and detached in silhouette, are transposed to a northern clime. From time to time during his journey through this *paysage* of light and shade Michelangelo inevitably discovers a sympathetic resonance: in "Des pas sur la neige," for example, a marvellously crisp and clear winter canvas; the West Wind, driven more like the Schrecker, with a fine, dry impetus, a fierce and desiccated Scarbro; the tolling of the sub-



Michelangelo

merged cathedral's bell, wonderfully "sonorous": the dancing of "Minuet," a glimmer of puppet on a wire. But nowhere a gleam of soft Debussyan light, or a liquid surge, or glint of humour. I shall leave this set of Preludes aside, and hope better for the next.

It was both a powerful contrast, and a kind of blessed relief, to turn to the 23-year-old Polish pianist Krystian Zimerman (winner of the Warsaw Chopin Competition four years ago), whose every musical utterance speaks of the purest full-blooded romance. His recital of the standard "complete" set of 14 Chopin Waltzes is a delight from start to finish, intimate, but never sentimentally indulgent;

freely expressive, but superbly contained, finely poised. Each walk of the sequence (an order of his own choice) is nicely weighted, given due place and point, without any kind of inflated emphasis. And Zimerman's canvas is broad: from the quietest melancholy of op. 70 no. 2 to the glittering bravura of op. 18 — or of the F major waltz op. 34 no. 3, splendidly vivacious. The sound-quality of both the Zimerman and the Michelangelo discs is impeccably Deutsche-Grammophon.

Emil Gilels and his daughter Elena are only one of a number of distinguished Russian family-duos to come to the public stage in recent years (one remembers also the Rozhdenskiys, Ashkenazy and Alexeyevs). Family ensembles are not always very reliably matched: but it is clear from this debut recording that Elena Gilels is more than a merely adequate partner for her father. They make a fine duo, quick and responsive, and exceptionally well-tuned one to the other. The centrepieces of their Schubert programme are a pair of contrasting works from the last year of the composer's life — the *Grand Rondeau* in A major, D851, a four-movement sonata condensed into a single movement; and a strong account of the well-known F minor Fantasy, D940, carefully shaped, simply and sensitively proposed. An *Audacious* sonata of 1825, and a set of three *Scenes*, make attractive fillers. Warmly recommended.

Arnolfini, Bristol

The Bristol Sample

Money presents at least as many problems to artists as to any other group in the community, perhaps rather more, for few are able to live entirely off their work, and for many a sale of any kind is but a dim and unlikely prospect. One result of this unhelpful state is that the distinction between the professional and the amateur has to be drawn more upon particular attitudes of mind than upon personal returns in hard cash. This is, of course, a matter of deep and genuine public indifference. If he insists, we are quite prepared to accept that the artist is one who says he is one, self-select, so long as he is no drain on public funds, and would be pleased to go away.

Money, however, is always interesting, especially other people's, even artists': it might be nice to know just how much they do earn: and if the sums are to make any sense, perhaps we should consider, after all, just what they are, or think they are. Eighteen months ago the Gulbenkian Foundation set up an Enquiry into the Visual Arts, complete with two extremely earnest and hard-working Senior Research Fellows, to address itself to these fundamental questions.

A report is expected early next year, but in the meantime the chance has been taken to put on an interim exhibition, and to publish the methods of enquiry, and some statistics, in the catalogue. Six centres were chosen for exhaustive survey and analysis, and those visual artists living or working in them "who call themselves 'professional' or 'semi-professional' or who, in a complexity of ways, reject a definition of themselves as 'amateur artists'." were invited to submit themselves to interview. Applying criteria that are hardly criteria at all in always difficult, and we must sympathise with these Fellows, Andrew Brighton and Nicholas Pearson, in their trial by well-meant inconsistency. Who, in a democratic age, is prepared to distinguish between good and bad, between the true artist of modest expectations and the aggrieved but inept soldier of the professional? Certainly not them. But they must forgive us if we feel that their distinction between artists who cannot, but would like to, and those who choose not to sell is unconvincing.



"Newspaper Man" by Terry Wall (1978) on show at the Arnolfini

Bristol was one of the chosen centres, and the show now at the Arnolfini (until February 24) tells all. A list of 245 names was drawn up from a variety of sources, from which 49 were taken at random for interview. In fact 50 approaches had to be made to supply this sample, for some subjects were untraceable, others ineligible or unwilling, from which experience the Fellows deduce that 150 is nearer the true figure for the city's professionals. The sample earned, we learn, £50,680 in the relevant period, giving a rough sum for the larger group of £165,000, which seems surpris-

ingly high. It would be helpful to have it broken down less ambiguously, for it remains unclear whether or not it includes the figure given for grants and bursaries from public funds. The artists in the sample were asked to show typical examples of their work, quite free of advertisement, and 48 of them did so. There were 37 with professional training of some sort, which is no surprise at all, for the world is full of people who are quite good at Art, and we are oddly, and rightly, generous with our Art Schools. There were 14 women. Most of what we see is of a certain competence, most of it dull, none of it exceptional.

WILLIAM PACKER

Astoria Studios, New York

Movies come back East

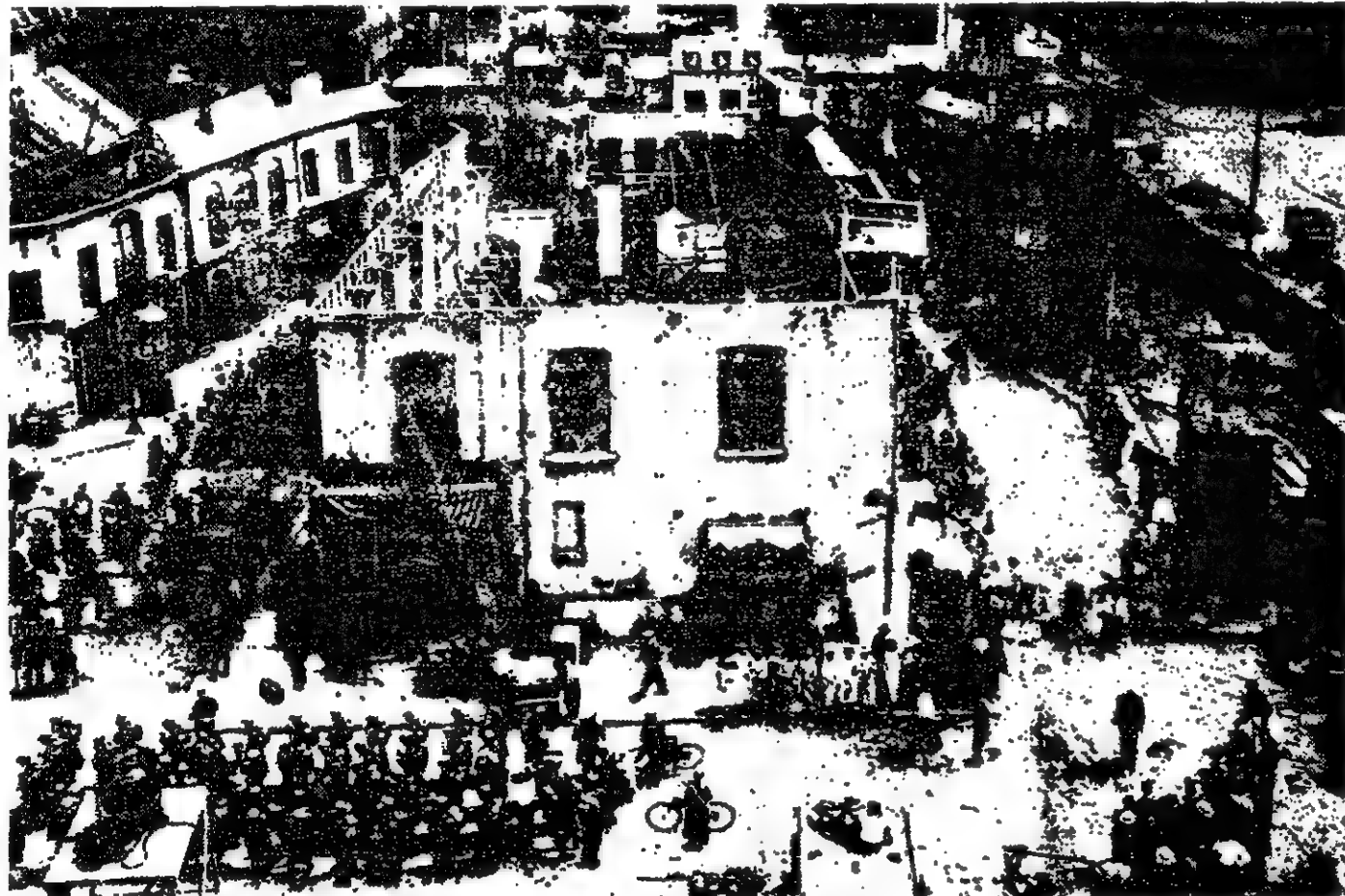
To Hollywood residents (former New Yorkers almost one and all), their new home recently celebrated its seventy-fifth anniversary in style with the present of a brand-new billboard "Hollywood" sign in letters ten feet high and cost of something like \$30,000, a letter. To loyal New Yorkers, or at least the most optimistic of them, this might have been the last hurrah before New York beats the west coast at its own game — movies.

New York is picking up where it left off 40 years ago by reviving one of the original film studios built by Paramount to attract Broadway stars to the fledgling field of film. Only 20 minutes from Broadway, the Astoria studio looks like a huge warehouse, with the one embellishment of a driveway entrance, an almost ironic touch of elegance for the huge and otherwise stolid grey mass of building.

In its heyday, the studio was second home to stars like Gloria Swanson, Claudette Colbert, and the Marx Brothers, who cavorted round the pillars at the entrance in *The Cocoanuts*. Among landmarks was the first full-length feature film, *The Letter*, starring Jeanne Eagels, made in 1928.

A child star who played Astoria in 1935 as one of the *Dead End* kids has come back to be one of the angels of the new studio. Sidney Lumet, director of *The Wiz*, insisted on filming everything in New York and got Universal Pictures to chip in \$175,000 for studio renovations, in addition to renting the space. The *Wiz*'s six-month use of the studio is still evident around the building, with the infatigable taxis in one small room, usually used for television filming, and the ghetto-wall cut-outs curled in a corner of another. A film museum is planned for some of the unused space on the 13th floor.

Reviving the studio has been a collaborative effort among a group of people who came back that since New York is a city where so much location shooting is done, it should not lose the studio business that goes with it. Understandably, the two men behind the studio are union men who want to encourage more film business in New



Outdoor set for the 1929 film *The Battle of Paris* shot at Astoria

York. Larry Barr and Sam Robert have established the studio as a non-profit organisation in which they only want to cover their overheads and give people a chance to work. This philosophy makes the place reasonably cheap: whatever money is earned above running costs will be used to establish the museum and eventually a film school, to help replenish the ranks of the union, and film-makers in the east.

While there are more than 200 rooms in the studio, they are crowded around the edges of the main sound stage, an expanse of 26,000 square feet that ranks among the largest studios in the country. Some of the smaller rooms are being rented to industry-related businesses, like the private prop shop that recently moved in and a video company that works on television projects. Many a commercial is filmed on the premises and just behind the

major sound stage sits the site of a parcel station, which is permanently rented to a firm that makes commercials there monthly.

Recently designated a state and local landmark, the studio was about to be demolished a few years ago; then the city's fiscal crisis prevented a local community college from tearing down the premises for a new campus. It has lain dormant since the army stumped using the space for its training films, an activity that goes back to pre-war days and is still marked on the walls with the circular eagle, symbol of the U.S. War Department.

Having completed *The Wiz*, Sidney Lumet booked the studio again for his next film, but he has to wait until Bob Fosse, the Broadway choreographer and director, finishes his autobiographical film, *All that Jazz*, which is now booked in the studio. Messrs Barr and Robert confidently talk of doing more

projects, while they juggle figures and calculate how to continue with improvements and keeping costs down.

They have enlisted a lot of support, which was evident at a dinner honouring Gloria Swanson and benefiting the studio. New York's governor and mayors are vocal enthusiasts, adding here an undertaking that encourages civic pride and generates jobs and income. The unions have much to gain from the studio and its promise of work: in turn, they have expressed a willingness to help the film school when it gets going.

And for the public at large this bit of east coast chauvinism has the greatest potential advantage. It may be hard to believe, but there is still a quiet contingent of actors, playwrights and directors who prefer the risky life of the theatre to the flamboyant world of films. In the past, people like Paul Newman and Joanne Woodward have gone out to the coast for

work and then returned home to Connecticut to live. Some of those who can afford to stay away from Hollywood have done so, and while some of their preference is personal, it also reflects a resistance to the heady atmosphere that everyone associates — and some get caught up in — with Hollywood.

The "studio system" disappeared with the first generation of movie moguls, but the studios themselves still exert considerable influence. Just being away from them provides the attitude that creative people need, and the original reason for having a studio in Astoria, its proximity to Broadway, holds the promise that our best theatrical people can again participate in fully creative lives, conscientiously divided between film and stage. Even if Astoria does not dim the lights on the Hollywood sign, it does brighten those on Broadway.

FRANK LIPSCHUS

Festival Hall/Radio 3

Barenboim

As an orchestral prelude to his solo recital on the South Bank tomorrow, Daniel Barenboim played two piano concertos with the London Philharmonic Orchestra under Haitink on Tuesday. Both performances indeed had an air about them of the preparatory — each one a flexing of the muscles, rather than a definitive, rounded statement.

There was little subtlety or polish to Barenboim's and Haitink's account of the Bartok first concerto: much of the fearfully difficult rhythmic ensemble was inexact; the brilliant rhythmic flourish of the very last three bars of the work was a blur. The weight of the performance was in its fire and massive energy; for all its loose ends, an explosive first movement, an andante dry, cool and lucid; a sparkling finale, lit as it can be with all

manner of wild and frenzied lights, powerfully driven.

There was a rhythmic uncertainty again in Beethoven's *Emperor* concerto — not so much a positive fault of ensemble as a curious sense of dislocation, on one or two occasions, notably in the opening movement, conductor and soloist seemed to be playing together on different rhythmic tracks, as if what we heard were a clever stereo mix of two different part-performances, taking place in two different rooms. The best things in it were the simplest: the incisive pungent gesture of the first allegro, or the simple-spun line of the *adagio*, entirely without affectation, rapid and clear. The finale had its share of hasty splashes, but emerged eventually triumphant.

DOMINIC GILL

Cautious year at the RSC

A slightly quieter year for the Royal Shakespeare Company is planned after the hectic progress of the recent past, a caution partly caused by the comparative failure of two of its 1978 new works at the Aldwych. David Mercer's *Coma* and *The Women of Troy* by Steve Gooch, and the inability of the new improvised play by Mike Leigh to get off the ground. This year the new non-Shakespeare productions were both written a few decades ago.

They are *The White Guard* by Mikhail Bulgakov, a modern Russian classic about the fortunes of a Czarist family after the Bolshevik Revolution, and *Once in a Lifetime*, a Broadway comedy success of 1931 by Moss Hart and George S. Kaufman. One innovation is the appearance of commercial sponsors. A new *Merry Wives of Windsor*,

which opens the season at the Royal Shakespeare Theatre, Stratford upon Avon on March 28, is financed by the Midland Bank to the tune of the £20,000 plus production costs. It is followed by *Cymbeline*, and then comes *Twelfth Night* and *Othello* with Donald Sinden, which is sponsored by Barclays Bank. The other new Shakespeare for Stratford this year is *Julius Caesar*.

There is also industrial help for a production at The Other Place, the SC's smaller Stratford theatre. IBM is supporting *Pericles* which opens on March 28 for its first RSC airing in a decade. By November the company hopes to start work in a third auditorium in Stratford, an as yet unnamed 350-seater which is a conversion of the rehearsal room. Its thrust stage, with the audience on three sides, makes it a very similar theatre to those in

existence in Shakespeare's time. At the Aldwych in London there will be the usual transfers from Stratford including *Love Labour's Lost*, *The Taming of the Shrew*, and in early July, the *Henry and Cleopatra*, with Alan Howard and Glenda Jackson. In early 1980 Aldwych comes into its own with an important undertaking by John Barton on the lines of his 1964 success with *The Wars of the Roses*. It is a cycle of two plays telling the story of the House of Agamemnon and the Trojan War adapted from the originals by Euripides, Aeschylus and Sophocles.

The RSC will also pay its third annual visit to Newcastle: there will be a second tour of small theatres in the late summer; and a European tour for *Coriolanus* is lined up for the spring, with Alan Howard continuing in the title role.

ANTHONY THORNCROFT

"The World's first self-focusing camera...with FREE family membership of British Airways World Arts & Adventure Club"

says Actor Manager Brian Rix, C.B.E.

"It's true. If you buy a Konica Cx AF, the world's first self-focusing camera before April 30, you also get a free family membership in the British Airways Arts and Adventure Club!" Says Actor Manager Brian Rix.

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"Well, Konishiroku, one of Japan's biggest photo manufacturers has produced this Konica camera that actually focuses itself. A built-in computer reads the distance to the subject and sets the lens automatically into needle-sharp focus as you press the button. You'll never take an out-of-focus picture again. It's impossible."

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Thursday January 25 1979

The gloomy prospect before British fishermen

BY RICHARD MOONEY

Pretoria bids for capital

THE EXCHANGE control reforms announced in South Africa yesterday by the Finance Minister, Mr. Owen Horwood, are intended to enhance the attractiveness of the South African economy to foreign investors, and no doubt they will make some contribution in that direction. The broadening of the familiar securities rand market into a financial rand market, covering direct as well as portfolio investment flows, should make direct investment more advantageous to overseas companies (on the assumption that the financial rand remains at a discount below the commercial rand). But it may be premature to assume that yesterday's reform will, by itself, bring about a reversal of the substantial net outflows of capital which have had such a depressing effect on South Africa's growth rate in the past 18 months.

The chances of that happening are likely to depend at least as much, if not more, on political and social developments inside South Africa. For while the new arrangements make investment in South Africa more attractive, they also remove any financial penalty from companies which wish to repatriate their capital. This latter fact may even be an additional incentive to some foreign companies, but only if they have some degree of confidence in the prospects for social and political stability in the country.

Unemployment

For some considerable time there has been a growing consensus among the most influential policy advisers, in government and in business, that the major danger for South Africa in the medium term is that of black unemployment. At present it is estimated to stand at about 12-15 per cent, and it will grow inexorably, and with incalculable social consequences, unless South Africa can once again achieve a growth rate of at least 5 per cent a year, and preferably nearer 7 per cent.

As a result of anti-inflation policies, the current rate of growth is of the order of 2 per cent a year. The Government's advisers are strong advocates of faster growth, and they may persuade the Cabinet

to introduce some fiscal stimulus when the budget is tabled towards the end of March. But inflation has still not been brought under control. It was running at 11 per cent last year, and the price of petrol and other oil products has just gone up as a result of the interruption of Iranian supplies. So any additional expansion is likely to be tempered by the need to watch the inflation rate. But in any case the maximum underlying growth rate which South Africa can hope to achieve without substantial and steady injections of foreign capital is of the order of 3 per cent. Hence the recommendations of the de Kock commission published yesterday.

But the de Kock Commission is only the first prong in a two-pronged reassessment of the obstacles to faster long-term growth, and it is arguably less important in the long run than the reports of the Rijkman and Wiehahn Commissions, which are due to be completed next week, and should be published shortly thereafter.

Homelands

These two commissions have been looking into various aspects of the restrictions on the movement of employment of blacks in South Africa. Since black unemployment can only be held down in a country with a rapidly increasing black population, if the training, recruiting and promotion of blacks is made considerably easier than it is at present, it is widely assumed that both these commissions must recommend removing or easing some of the restrictions on blacks. But it is still not certain that the two reports will be unanimous, let alone that they will be endorsed by the government.

The Prime Minister, Mr. P. W. Botha, has attracted much favourable comment from leaders of the black "homelands" for his remark earlier this week that the government's policy of distributing land between blacks and whites needs to be reviewed, but it is still not clear what he had in mind. As things stand now, the allocation of land to blacks, as laid down in 1936, is still not complete, and would not at the present rate be complete for another ten years. The 1936 Act is a central tenet of Nationalist Party ideology, and any radical departure from it would run into fierce opposition from among the white community. Yet Mr. Botha must know that foreign investors will only come back to South Africa if they believe there will be no re-run of the 1976 Soweto riots.

THE 1970s has not been a happy decade for the UK fishing industry. Loss of access to the Icelandic cod fishery, declining stocks of prime fish, soaring fuel prices, the world-wide switch to 200-mile national limits and entry into the Common Market have all combined to make life extremely difficult for Britain's leading fishing companies. Yet many fishermen are thriving.

While the large companies have been struggling to survive, many smaller operators, generally skipper-owners, have been enjoying something of a bonanza. These fishermen concentrate on inshore fishing so the loss of Iceland and reduction of access off Norway has had relatively little effect on them. They have also suffered less than their bigger brothers from the enormous rise in fuel prices following the oil crisis. Their boats are smaller and slower and their fishing grounds nearer to hand, so their fuel requirements are less.

In some cases the small men have positively benefited from the large operators' problems. To replace the cod and haddock they usually catch these companies have switched some of their attention to inshore fish and have been forced to develop new markets, both at home and abroad. This has been especially true of mackerel, now Britain's leading fish in terms of catch, and many traditional mackerel fishermen have reaped rich rewards from these new markets.

Even without including mackerel, British catches in near and middle water grounds increased by 20,000 tonnes, or 80 per cent, in the first eight months of last year, according to figures released last month by the White Fish Authority. The value of this catch rose by 92 per cent to £18.3m.

But this encouraging performance should not be allowed to obscure the gravity of the problems facing the UK fishing industry as a whole. Between last April and June the distant water catch totalled 31,591 tonnes, only half the level in the corresponding period of 1977. And the value of the catch declined by 40 per cent to £2.6m.

As Britain's biggest fishing company, British United Fishers (an Associated Fisheries subsidiary) has felt these problems more severely than most. In 1974 this company had 145 trawlers in operation. Its fleet has since shrunk to 77 vessels and 30 of these are laid up.

BUT's profits have reflected this sad state of affairs. In 1973/74 the company made £3m after tax but in the first quarter (October/December) of the 1977/78 financial year a loss of £1m was reported. By the end of March the loss had climbed to £1.57m. No further figures have been published but Mr. Paul Tapscott, the AF chairman, says heavy losses continued throughout the second half of the year. Mr. Tapscott believes, moreover, that the October/December 1978 performance will prove to have been no better than in 1977.

As a whole the UK deep sea fleet has declined from nearly 500 vessels four years ago to 219 at the latest count. And many of the survivors are seriously under-employed.

The situation in the North-East Arctic typifies the problems faced by Britain's deep sea trawler operators. On the one hand the cod and haddock fishing has been bad—very bad. But on the other the companies have been anxious to maintain their presence in these waters to establish historic rights which may be taken into account if and when it becomes possible for the EEC to negotiate a reciprocal deal with the Norwegians who have jurisdiction over these waters.

In the absence of agreement on the EEC's common fisheries policy it has been impossible so far to negotiate such a deal with Norway and EEC fishermen have had to rely on the goodwill of the Norwegians for continued access to these waters. But this goodwill is running low. Norway has only been prepared to allot fishing rights to EEC countries on an ad hoc basis setting quotas every three months, or in some cases every month.

This has posed serious management problems for UK fishing companies. Effective planning of fishing operations has been impossible and though the fishing has often not been good enough to justify their trips the trawlers have been forced to sail anyway in the hope of safeguarding their future right of access.

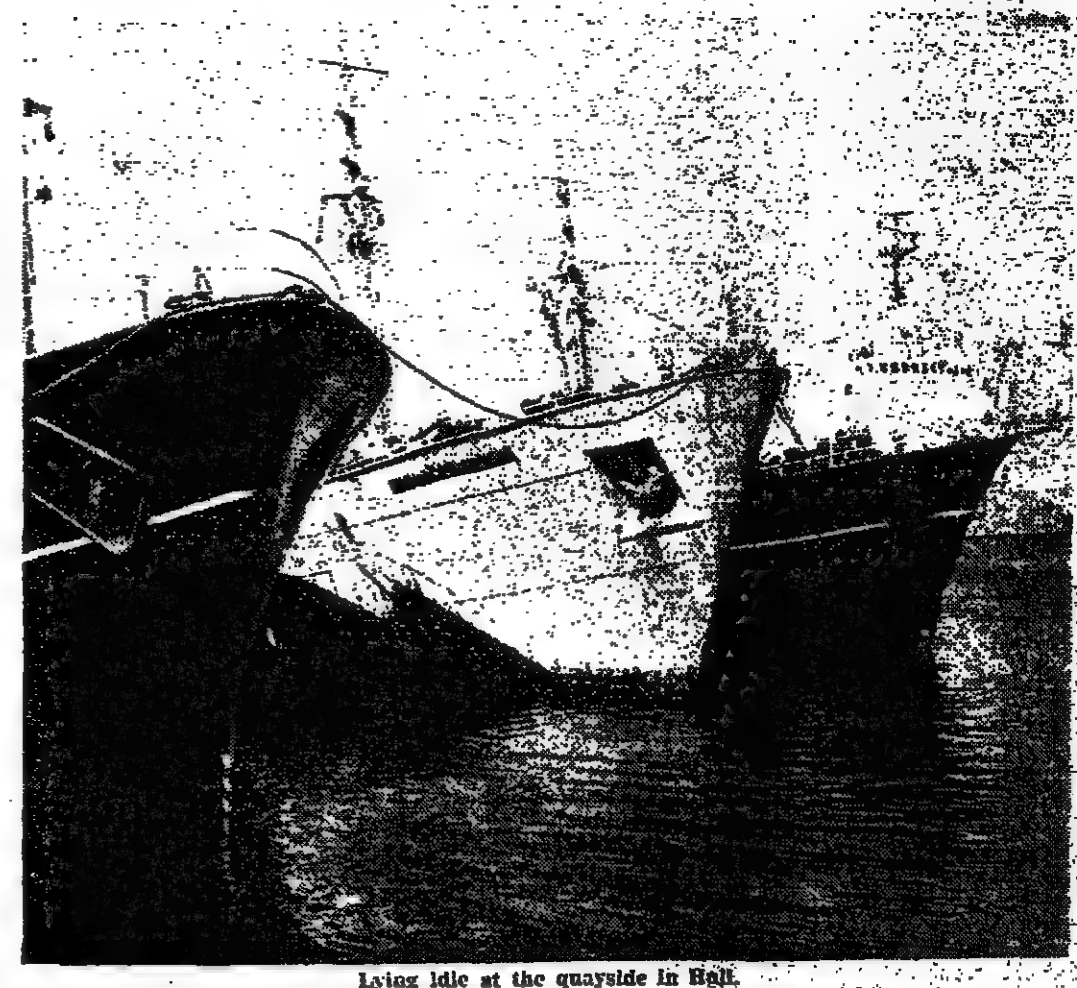
This has led to "horrible" losses, says Mr. Tapscott. It costs £3,000 a day to keep a freezer trawler at sea and most of these vessels have been losing around £1,000 a day. A 90-day trip is therefore a very costly affair and until recently the seven such vessels trying their luck in the North-East Arctic.

Norwegian waters

It is feared that these problems could soon spread to Norwegian waters in the southern North Sea. Up to now Norway has allowed EEC fishermen to carry on fishing this area on a historic performance basis. But its patience is running out and unless reciprocal arrangements are made fairly soon this concession could be discontinued.

The other major problem area has been herring fishing. Declining stocks, a legacy of previous overfishing, have forced the UK Government, in the person of Mr. John Silkin, the Agriculture Minister, to impose stringent catch constraints both in the North Sea and off the West Coast of Scotland, the two major herring grounds.

The only herring fishing available to UK vessels now is in the Firth of Clyde where the annual quota has been set at 4,000 tonnes, and around the Isle of Man, where an annual 9,000 tonnes is shared with the Northern Irish. These quotas compare with a UK catch level



Lying idle at the quayside in Hull.

five years ago of 140,000 tonnes. But the fishermen have borne this blow surprisingly well.

Many of the bigger boats have switched to mackerel in the Minch fishery, off the Scottish West coast and off Cornwall. In addition some have had great success fishing for pilchard off Cornwall and sprats in the Minch and off the north-east coast of England.

Even following the recent cuts in mackerel quotas in the south-west the Scottish fishermen seem quite happy. "They catch their weekly mackerel quota within two days then switch to sprats and pilchard," Dr. W. Lyon-Dean, chairman of the Herring Industry Board said. But local Cornish fishermen are less happy. They claim the Scottish interlopers are endangering their stocks and flooding the local market with fish. There have also been complaints of local boats being "harassed" by the larger trawlers.

The processors who depend on the herring catch have not been able to find alternative opportunities for their labour quite as easily as the trawlermen. As merchants chased ever-declining supplies of fish herring prices rose 450 per cent in the three years which ended with the closure of the North Sea fishery early last year. And the imports, mainly from Canada, on which they have had to rely ever since have been dearer still. Since the North Sea closure the prices of these imports have risen by about 50 per cent.

The processors have hung on, sustained in part by hopes of government assistance, while awaiting the eventual recovery of herring stocks to a level where large-scale fishing can be resumed. But many are having increasing difficulty in keeping going.

Temporary employment subsidies have eased the problem somewhat but the processors' labour force has nevertheless been reduced significantly. The subsidies are now beginning to run out and some companies fear they may be forced to the wall unless some other form of assistance is forthcoming. These problems are not confined to the processors themselves but also extend to ancillary industries such as freezing and transport.

Some processing plants have switched to smoking mackerel but demand for this product is nothing like as big as it was for kippers. The industry as a whole has been pressing the Government for aid in this area. Processors claim they could use up to 25,000 tonnes of Britain's annual mackerel catch much of which would otherwise go for fishmeal production or for processing abroad.

Their production could find markets in under-developed countries if sufficient government funds were made available, they claim. In addition they argue that by shipping the mackerel to UK ports, rather than transshipping them at sea for export—mainly to Russia—Britain's historical performance in mackerel fishing would be inflated. This could be an important factor when it comes to fixing future EEC quotas.

Apart from the fishing and processing companies in some cases the ports themselves are threatened. The Scottish east coast port of Granton closed last November following the winding-up of William Liston, a Boyd Line subsidiary, which

operated the port's seven remaining trawlers. At its peak this port boasted 80 trawlers and gave employment to some 1,200 people but by the time of its demise the workforce had shrunk to 150.

Mr. Munro Liston, the company's managing director, was in no doubt where the blame lay. "The Government has failed to face facts," he said. "Unlike other EEC governments it has given no interest aid to keep the UK fishing industry viable in the face of its insuperable short-term difficulties."

"If things go on as they are, Britain could find itself without a sufficiently strong fishing fleet to benefit from any eventual common fisheries policy deal, no matter how advantageous it appears." He added that he would be surprised if his company proved to be the only one in such desperate straits.

A further blow came in the end of November with the announcement that the Fleetwood Fishing Vessel Owners' Association was going into liquidation. This is an association which organises the onshore services on which sea-going operations depend—selling, unloading, fueling, provisioning, supplying ice and so on.

Fleetwood has been in difficulties for several years. Of all British ports it was the most dependent on the Iceland fishery and for geographical and industrial reasons the North-East Arctic did not offer a realistic alternative when Britain lost the last cod war. The decline of the port has been dramatic. At the beginning of 1978 it had an operating fleet of 88 trawlers but this has shrunk to 18.

The decline of the fleet put increasing pressure on the remaining owners in meeting the costs of running the port. An expensive modernisation scheme, partly Government-funded, is still being paid for.

Early in December the Ministry of Agriculture announced a £12m grant to cover half this year's dock and landing charges at Fleetwood, Grimsby and Hull. Britain's leading distant water ports. This was evidently not considered by the Fleetwood owners sufficient incentive to keep the Association going though Fleetwood's share would, according to the Ministry, amount to £18,000 compared with the £150,000 the others were paying for.

The owners have since agreed to keep the Association going at least until the end of the month, in response to strong Government pressure. And discussions are now taking place with other interested parties, such as the fish merchants and unions, with a view to forming a new company to take over dockside services at the port. But even if the scheme comes into operation the future prospects of the port must be considered precarious.

Meanwhile pressure is mounting for an operating subsidy to discourage a further shrinking of the fleet itself. There is no sign so far of a positive response from the Government.

This would not solve the industry's problems by any means, but it would allow a breathing space while the seemingly unending negotiations on an EEC common fisheries policy are brought to a conclusion. Until this happens, many fishermen argue, there is little incentive for the companies to find the finance to undertake the long overdue restructuring of their industry.

Far from ideal

Most admit that the UK fleet, especially in the distant water sector, is far from ideal in the changed world of fisheries. A switch to smaller, more economical boats, suited to working within easy reach of Britain's shores, is inevitable. But in the meantime the existing fleet must be able to operate efficiently and this will continue to depend on the availability of distant water grounds, particularly off Norway.

In the long term the enforced slimming-down of the fleet may prove to be the industry's best hope. But the thought is little comfort to those who stand in the line of the fleet in the future remains unsettled.

It is vital that a common EEC fisheries policy providing adequate fishing opportunities for British trawlers and ensuring effective conservation of stocks should be agreed before too long. But in spite of the "political initiative" agreed between the UK and West Germany at the Bonn summit meeting in November that prospect still seems some way off.

Down to the left-overs

THE GOVERNMENT'S policy cupboard now appears to be bare: so on the eve of a debate censuring its entire conduct of the economy, it has served up a left-over. The Bill to give the Price Commission more or less arbitrary powers is an emergency version of the tougher legislation promised to the TUC as part of an effort to patch up some sort of a deal in November. It is now presumably intended to launch the new attempt to try to patch up a further agreement when it is too late. In the real circumstances of the country, this offering makes a poisonous little snack.

Debating trick

The Bill is short, and its reasoning—if it contains any beyond an attempt to win trade union goodwill—can be dismissed equally shortly. It may have been partly provoked by one or two union militants who argued, as the present outbreak was building up, that the safeguard clauses of the existing Price Commission legislation offered complete protection for employers who yielded to their wage claims. The Bill, which Parliament should throw out, would remove that protection.

However, the argument was never more than a debating trick, and Mr. Hattersley has since cut the ground from under his own feet by freeing the road hauliers of all restraint. There is clearly no intention to use even existing powers to confront the unions where they are strong. It will simply enable the Government to make it possible for the militants to collect their Danegeld, via haulage or other charges, from the profit margins of weaker industries.

This policy, if it were to be enforced—and it remains to be seen whether Mr. Charles Williams, of the Price Commission, would turn a blind eye to the wishes of his increasingly desperate political masters—is equivalent to trying to discourage a blackmailer by threatening

ing to shoot his victims. It will, if enforced, cause unemployment and bankruptcies rather sooner, and higher prices a little later, than would otherwise be the case.

Objectable

In a sense, this looks like the result of a tight monetary policy and a strong exchange rate; but because its action is arbitrary, and likely to be concentrated on those who cannot hit back, its result is very different. The rules of stable money may be harsh at times, but they are predictable; those who can contain their costs survive. Arbitrary price controls convert the whole market into a political power struggle.

In the hands of a Government as feeble as this one has become, the new powers might not be as pernicious in practice as they are in principle; but they are still objectionable. One of the objections is that the Bill contradicts the common sense which the Prime Minister has at length started to talk. He showed some recovery of spirit on Wednesday when he spoke boldly of crossing picket lines, and the possible need to legislate. He gave a fairly clear brief for police action under the existing law. He warned a trade union audience that militancy was throwing away the prosperity regained last year. In all this Mr. Callaghan showed that he knows where the blame lies for our present troubles, and where the remedy must be sought. The pretence that price controls can prevent folly having its natural consequences undermines these arguments.

The appropriate price policy for this moment is almost exactly the reverse of what the Government proposes. It is to allow all employers who are subject to competition complete freedom to pass on increased costs, and the quicker the better—the delays imposed by the existing Price Code, by distancing effect from cause, blur the truth that wage increases push up prices.

MEN AND MATTERS

Rustic wrath for Richardson

Gordon Richardson, the normally unflappable Governor of the Bank of England, suffered a visibly uneasy moment the other night. An accomplished and elegant speaker, he is not accustomed to being "rubbished" by his audience: this was, however, the unnerving reaction of part of his audience at the annual dinner of the National Farmers' Union.

Of course, it would never have happened had he stayed in the real world of banking, finance and sterling, and not ventured into the never-never land of the Green Pound.

As it was, he bravely tried to persuade the massed yeomanry of Britain that changes in the workings of the Common Agricultural Policy, demanded so often and so vociferously by NFU leaders, would push up food prices and cost UK consumers dear. The call for "rubbish," issuing mainly from female throats, came across loud and clear, although most of the men endured it more

stoically, apparently stunned by Mr. Richardson's nerve. But the gathering storm was quickly dissipated by the outgoing NFU president, Sir Henry Plumb, who calmed the ruffled diners with a more acceptable diet of food and home and political harangue.

Sir Henry Plumb is now devoting all his energies to the search for a Tory candidature for the European elections. Friends who noted Sir Henry's disappointment in Cambridge—Sir Fred Caterwood won the candidacy last weekend—trust he will prove luckier in the two other constituencies he has in mind, one being in the West Country, the other closer to his farm in Warwickshire.

Imitating art

Harassed officials of the Transport and General Workers' Union may not have had time, scurrying back and forth through the portals of Transport House, to notice the poster in the lobby advertising forthcoming plays at the National Theatre. Almost all sound curiously appropriate to the present debacle: A Fair Quarrel, Strife, The Double Dealer, Betrayal, For Services Rendered and The Long Voyage Home.

Wrong Policy

New York's Insurance Exchange, which is being set up to challenge Lloyds of London, had less auspicious beginnings than the Americans would have us think. In fact, it only came into being by the skin of its teeth.

Special legislation had to be passed by the New York State assembly to allow the Exchange to go ahead. Since it will bring more jobs and business to poverty-stricken New York, Governor Hugh Carey planned an elaborate public ceremony to sign it into law.

His aides chose the UN building, that famous concrete and glass slab on the banks of the East River, and gave a lunch for more than 100 notables and

the press. After that, Carey got out his pen and put his signature to the document.

I now learn that was not the end of the story. After everyone dispersed, an astute lawyer remembered that all New York State laws must be signed on New York territory, because a U.S. Governor only holds his title in his own State. The UN is international territory—so the Bill had not become law.

But by then the Governor had already set off on a long trip out of town. Harassed lawyers went out in mad pursuit, to grab him before he left the State and get him to sign the Bill again. No doubt Carey will sign the UN for future promotional exercises.

Communal blame

When those who live in such large glass houses as the Brussels Berlaymont begin to throw stones, the least they can expect is the occasional shattered pane of their own. The all-male 13-man European Commission, through it all-male "spokesman's group," has just issued a public warning that a number of EEC governments are likely to face legal proceedings over their failure to implement the 1975 directive on equal pay for women.

In an "everyone is out of step" report, the Commission has even-handedly charged all nine governments with falling short on equal pay, while countries such as Denmark, Holland and West Germany are unexpectedly candidates for the dock of the European Court.

The Commission's Achilles heel in all this is that its own staffing policies continue to keep women down in the typing pool. In its highly-paid executive and administrative grades only 130 out of more than 2,100 are women; in clerical jobs, women occupy about two-fifths, while on a secretarial level they predominate four to one.

Unlike in Whitehall, women do not even find work as chauffeurs to the Eurocrats. Seldom at a loss for an answer,

though, the Brussels commission says it is the National Governments that keep filling the upper reaches of the Berlaymont with men.

Overdraft drama

Bank managers the land over are starting to stay at home on Sunday nights to see if they match up to the TV image of their profession. It may be early yet to assert that BBC's ten-part "Telford's Change" will be banking in the same glamour category as veterinary work; but the public is coming to realise that those pin-striped men with their patient smiles do have their personal traumas as well.

Adviser to the series is Michael Fuller, group public affairs adviser to the Midland Bank—and a former branch manager himself. Fuller has escorted playwright Brian Clark through the Midland structure, from chairman Lord Armstrong down to the provincial tellers.

Bankers generally reckon the series (which might be described as an up-market soap opera) rings pretty true. Fuller admits that the dramatic demands of TV have meant "some telescoping," but feels sure Mark Telford's saga does credit to the banking industry.

"Perhaps some real-life managers secretly wish they were married to Hannah Gordon, who plays Telford's wife," says Fuller. "On the other hand, some managers' wives may be taking a critical look at their husbands."

Commuter's caprice

Here is a fair sample of the new brand of platform humour: "Knock, knock!" "Who's there?" "Aslef." "Aslef who?" "I's left my train at the depot."

Observer

MIKROS

Are they a threat or a promise?

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Unions: a case for a grand inquiry

THE PRESENT winter of discontent has two sources. The first, which is being shouted from the rooftops, is in brief "an imbalance of power on the side of the unions." As most of the present article will be concerned with this imbalance it is important to emphasise at the start the second and equally important source. It is the collapse of 3½ years of attempted pay controls.

The consequences should have come as no surprise to any observer of past episodes, let alone to an economic analyst. It would be astonishing if the normal processes of adjustment of relative prices and differentials could be suspended for so long without generating intense conflict.

To give one figure not generally known: the increase of 14 per cent in the last wage round (Stage Three) was the product of a public sector earnings rise of 11 to 12 per cent, and a private sector one of 15 to 17 per cent. These averages are merely indicative of much bigger distortions in individual sectors. Not even the most perfect union law imaginable would prevent strife while such distortions were being unravelled.

The one leading speaker who emphasised these matters in last week's Commons debate was Mr. Enoch Powell, who remarked on the similarity between the way in which a previous Parliament came to an end in 1974 and how this Parliament looks like ending in 1979. The details are different; but the collapse of Mr. Edward Heath's Government five years ago and the trouble of Mr. Callaghan today both follow an intense effort to combat inflation by controlling wages rises.

All that the official Conservative spokesman, Mr. James

Prior, could say in winding up was that he did not wish to become involved in arguments with Mr. Powell because "it might come out of it the worse."

Too many people assume that the rate of inflation depends on wage claims drawn by union leaders out of a hat—irrespective of market forces—which they then have the power to enforce. In the early 1960s the U.S. inflation rate was 1½ per cent. Today it is nearer 9 per cent. In the U.S. in contrast to Britain, the unions have not become more powerful, judged by membership, legal privilege or any other criteria.

Long-term

Where I do part company with Mr. Powell (who is too often regarded as both logically invincible and always wrong) is in believing in the words of one recent American investigation that wage determination is not the fundamental cause of inflation, but contributes to the difficulty in checking an inflation already established for other reasons. (Daniel Mitchell in *Brookings Papers* No. 3 1978, Washington D.C.) But this transitional difficulty, which in practice is only made worse by real world incomes policy, should not pre-occupy us when faced with something as important and as long term as the role of unions in our society and the future of British law. A large number of different suggestions for union reform are floating around. Some see the key in secret ballots on strike action. Some see it in changing the basis on which tax rebates or social security payments are made to strikers. Others focus on picketing and the closed shop. A different school thinks that what really matters is legally enforceable wage contracts. If this discussion is to move

above the exchange of bar-room dogmatism, it needs to be tied to some analytical framework. What the reformers never make clear is whether they think that the present wage determination system can work perfectly well if it was shorn of abuses; whether the economic power of unions needs to be deliberately weakened; or whether the whole system of collective bargaining based on the strike threat is untenable and needs to be replaced by something else.

The important and I hope uncontroversial role of the unions is as a voice for workers, especially in large organisations. The ultimate protection against harsh or arbitrary treatment is to vote with one's feet and leave for a job elsewhere. But unions can reinforce this protection, especially for older workers, the shy and the disadvantaged.

By contrast, the role of unions in influencing wages is likely to be a fiction or an exercise of monopoly power. In some cases bargaining with unions may simply provide a way of setting market wages more conveniently than by post-labor wage changes outside the factory door. The successful use of union market power involves more. It forces the employer to pay a higher wage and therefore hire a smaller labour force than would otherwise be the case. The end result is similar to that of action by corporate monopoly which can charge a price above the competitive level, but only at the expense of lower sales.

The next point to note is that, when over a third of all employees, and a half of union members are in the public sector, and when dividends (including those paid to pension funds) amount to 2½ per cent of personal post-tax incomes, the only people who can be squeezed by the successful use of union powers are



Professor Friedman (left): unions not mainly to blame for unemployment and inflation. Peter Jay (right): a much more pessimistic diagnosis.

other workers or their families. "Employers" are simply a link in this transmission belt, as the argument about road haulage, and freight rates, are.

But "there is an awful lot of pain in a nation" and it is possible that, bearing in mind the valuable human functions of unions in large organisations, that we can live with the monopolistic effect. Whether there is so or not depends on the consequences of union power across the whole economy, as distinct from particular industries. On this very difficult issue, differing views are held by otherwise similar analysts.

Professor Milton Friedman for instance would regard the main effect of union monopoly as being to raise relative wages and to lower employment in the effectively unionised sectors; and to lower relative wages and increase employment among those who are crowded into the

weakly unionised or non-unionised areas.

This produces a maldistribution of labour and of income (partially correctable by various grey and secondary markets) but is hardly a source of mass unemployment, runaway inflation or social instability. (Orthodox statistical investigations suggest differentials in favour of union members of up to 10.25 per cent.) The Friedman school would attribute the world-wide rise in the sustainable unemployment rate to other factors such as the interaction of tax and social security, price control and the effects of volatile inflation rates on the market system.

A much more pessimistic view has been taken by Mr. Peter Jay, now British Ambassador in Washington, who largely shares Friedman's monetarist view of inflation and many of his attitudes to markets. But Mr. Jay's picture

is much more that of a world of union monopolies. Inside each industry unions pay more attention to securing high wages for those already employed and neglect those priced out of work or not even recruited. These displaced workers cannot go elsewhere, because nearly all other sectors eventually become heavily unionised, if only in self-defence. The result must be politically intolerable unemployment—with an attempt by governments to spend their way out leading only to hyperinflation.

Stability on the Jay model can be achieved by curbing the collective as distinct from the individual right to withdraw labour—a route which Mr. Jay does not consider feasible. This leaves him with his other and well-known alternative of abolishing the employer-employee wage relationship altogether by transforming most major enterprises into workers' co-ops.

No apologies are required for being unsure which of these two pictures is nearer the truth. This is still an unsolved problem of political economy. But it does lead me to propose a Royal Commission on the economic effects of union power. Normally the proposal of a committee of any kind is a last refuge. But here there is a genuine need for more knowledge.

Such a Commission should focus on understanding rather than on immediate policy and steer as clear as possible of the tired old arguments about inflation and incomes policy. Its emphasis should be on the ultimate effects of union monopoly, assuming a fairly stable rate of inflation.

I do not imagine for a moment that even the best Royal Commission could win a Nobel prize

or solve the world's stagflation problem. But what such a Commission might do is to establish which union activities contribute to raising the long-run unemployment rate (itself a shorthand for many different problems of stability). Previous inquiries such as the Donovan Report have concentrated on industrial relations aspects and not on the wider economic impact.

My proposed Commission would also look at restrictive practices as an intellectual and a bargaining matter, rather than a moralising matter. For it does seem strange that employers, existing workers and those who fear displacement by new methods cannot find a way of distributing potential increases of production among themselves in which everyone would be better off than by deliberately restricting output. The main focus however would still be on overall unemployment and stability. For a society can survive a great deal of inefficiency but not the tensions of mass unemployment (as distinct from high statistical totals).

What would such a Commission conclude? My own submission is that it is not collective bargaining as such, or even strikes, which lead to workers being priced out of jobs on a massive scale. Rather it is the power to stop alternative methods of supply.

Brutal aspect

This power to exclude is seen at its most brutal short term aspect in the Grimby Scar in Tom Stoppard's play, *Night and Day*, who was fired for not going on strike. But even such monstrosity can be overcome if there is sufficient decentralisation to allow new technologies, new industries, and reasonably small scale collective bargaining.

Indeed, the report of the Commission would, I hope, be headlined *Small is Beautiful*. Thus the emphasis would be in an entirely opposite direction from present fashions. One hears so many harassed ministers and officials complaining: "There is no one to talk to." Union leaders cannot instruct shop stewards; and the latter cannot instruct their men. Long may this remain so.

The trouble with the present authoritarian public mood is the confusion between the usurpation of local union power by people with ulterior motives—which should indeed be fought with all the powers of common sense, law and whatever else comes to hand—and the goal of dealing with genuine shopfloor representatives.

The more decentralised and localised bargaining is the more it is likely to approximate to the Friedman rather than to the Jay model. A world of a few powerful trade union barons and industrial leaders who could sit round a table and argue over the worthless projections beloved by Labour and Conservative "moderates" would be the perfect recipe for just that instability at present feared.

For should these industrial barons fail to agree—as all history suggests that from time to time they might—then indeed the authorities would have no alternative but to ratify through the money printing press what the barons actually do. But even this would in no way prevent the social warfare between groups with strikes and violent instability in relative wages. That we have not reached this stage at the moment is due to the non-existence of that centralised union leadership which the establishment would so much like to see.

Samuel Brittan

Letters to the Editor

Exporting to China

From Mr. M. Possener.

Sir,—In this season of UK strikes, it is encouraging to know that the UK banks and the Export Credits Guarantee Department have achieved the first credit deal of its kind with China. Lorne Barling's article in the survey of corporate finance (January 15) rightly congratulates the organisations concerned. Nevertheless, one should not overlook the risks which a UK exporter runs in trying to develop trade with China. For example, he will receive payment under these newly concluded deposit facilities only when the Bank of China sends a letter to the UK bank instructing it to make the specific payment. This is a major difference from the normal line of credit arrangement.

An attempt can be made to alleviate this risk by the use of an appropriate contract condition (and with ECGD insurance). One then, however, comes up against the problem of agreeing equitable contract conditions with a Chinese state corporation. Although showing commendable willingness to reconsider their views on financing they are still adhering, at least in part, to their standard contract conditions which were in use several years ago. For example, the need for the buyer to provide a ship on time; any delay or failure to do so prevents the UK exporter from delivering the goods and thus may prevent him from being paid. The unsophisticated UK exporter may not even be aware of this risk; those that are aware of it may think, incorrectly, that a particular standard contract condition gives them some right of compensation. The sophisticated exporter who knows about these difficulties (and may indeed have been concerned in the past with a shortage of ships to China) will manage to obtain agreement to avoid them; nevertheless, as I have seen from an examination of UK exporters' recent cash contracts with China, he may have to accept a clause which does not give him the relief in circumstances of force majeure that he would receive under contracts with buyers in other parts of the world.

Why should an exporter run the risk of financial penalty when undertaking something with far more serious implications than a game, simply because his "rules" are not clearly agreed between both sides, or, where they are so agreed, they favour the buyer? The Credit Insurance Association, Lloyd's Chambers, 9-13 Crutched Friars, EC3.

Management by crisis

From Mr. F. Pike

Sir,—I share the optimistic views expressed in your editorial on January 20. Mrs. Thatcher has demonstrated her command of politics and her understanding of the questions at issue. The strike by the truck drivers has been stiff medicine, but entirely wholesome. A Government committed to the law of averages and pay norms has

been demonstrated to be inadequate. Failure to introduce measures which will protect the profit margins of individual industries will make it difficult for the Treasury to balance its books at the end of the current financial year. In October, it was possible to forecast that any Government which allowed the Central Government Borrowing Requirement to exceed £4bn would lose the next Election.

The long term effects of picketing have been particularly encouraging. The need for reform has been clearly established. Higher levels of militancy might have precipitated an over-reaction. For his cool handling of this aspect of the crisis, Mr. Callaghan deserves our congratulations and respect. It is a pity that the picket lines at the dock were not advised to allow exports but not imports. They could have claimed a significant improvement in our balance of payments as a direct result of their action.

The comments from Mr. Michael Edwards in which he explained his own reactions to the high rate of tax on earned income, may have discouraged the Government from making any ill-considered remarks on the need to increase revenues from this source. £30,000 per year is the most that any one person should be charged for the privilege of living and working in this country. The time of extraordinary paradox would have been complete if the debate on reform in the House of Lords had been extended to include a proper definition of the responsibilities of the House of Commons with particular reference to the control of Government expenditure. F. K. C. Pike, Luton, Beds.

A Japanese tunnel

From Mr. R. Bonwit

Sir,—Recently I had an opportunity to visit the Hokkaido terminal site of the Tsugaru Straits (Sei-Kan) undersea rail tunnel bore, of which only 2 miles under the seabed remain to be completed. The overall length of the tunnel will be about 50 km—roughly the length of the projected Channel Tunnel.

The tunnel is built for double track operation with electric haulage fed by 25-kV catenaries. Each roadbed will accommodate three rails to provide through running for the proposed Shinkansen standard-gauge line linking Tokyo with Sapporo and for local and freight traffic using the 1,067 metre gauge on which most of the Japanese rail system operates. It became obvious during discussions with the site officers that the Japanese have tackled the problem of a fixed channel link from the building of the tunnel itself. This they have done on a relatively long-term basis, so that planning, financing and execution could be programmed in easy stages. The time-scale was sufficiently generous to allow the various authorities concerned to settle the many problems bound to arise over access and egress. Only a few weeks ago, the problem of how to route the last 25 km into central Tokyo of the new north-eastern Shinkansen was resolved after prolonged negotiations between the state railways, Saitama prefecture, the north-eastern prefectures and various

environmental pressure groups. The siting of the station near the Hokkaido tunnel mouth and the routing of the new line to Sapporo have still to be decided, since there are conflicting claims by local authorities interested in the employment potential created by the new rail link.

It is, naturally, anticipated that the Seikan tunnel will make redundant much of the existing Aomori-Hokkaido passenger, car and train ferry traffic, but that some freight shipping between the Tokyo area and Hokkaido, and between there and the Nigata west coast area will continue to operate. But it is expected that the bulk of the Tokyo-Hokkaido services to Hokkaido will disappear—to the great relief of this overcrowded air corridor.

Rather than "ditching" the tunnel project because of quarrels over the cost of the inland approach link—as we have done—the Japanese have acted on the presumption that, once the unavoidable task of building the fixed channel link has been faced, the approaches will take care of themselves. Ralf Bonwit, Sorby, Kiln Lane, Binfield Heath, Henley-on-Thames

Industrial adjustment

From the Chief Economic Adviser Foreign and Commonwealth Office

Sir,—Your brief notice on the Whitehall working group report on "The newly industrialising countries and the adjustment problem" (January 18) unfortunately has the negatives the wrong way round. We concluded that it is unlikely that the increase of UK imports of manufactures over the period 1970-1977 from 23 newly-industrialising countries displaced more than 2 per cent of the 1970 UK manufacturing labour force. At the same time, increase in UK manufactured exports to these countries probably caused a roughly similar increase of employment (not, of course, of unemployment). J. P. Hayes, Foreign and Commonwealth Office, S.W.1.

Regional aid

From Mr. G. Mackay

Sir,—Anthony Moreton's article on regional aid (January 18) is an excellent summary of the present position. There is one point, however, with which I would like to disagree. He mentions, with approval, the fact that last year the Aberdeen area was downgraded to intermediate area status.

This change has created a great deal of trouble for us in Aberdeen. The area downgraded includes a large area to the west of the city where employment opportunities are very poor, unemployment and emigration are high, and which should not be treated as part of the Aberdeen area. Some of our traditional industries—e.g. fishing and fish-processing, paper and textiles—are doing badly at present and require as much assistance as possible. Oil has brought some prosperity to Aberdeen, but partly at the expense of local industries; and the reduced regional assistance

is a severe blow to long-term prospects. If it is necessary to discriminate, then it should be against the oil industry and not all industry in Aberdeen.

More generally, why should the level of unemployment be the main criterion? Why not the prospects for growth? If traditional industries here were encouraged to expand, there is no reason why the rate of employment growth should not be sufficient to reduce significantly through migration the high levels of unemployment elsewhere in Scotland. The main objective of regional aid should be growth and not the slowing down of decline.

G. A. Mackay, Institute for the Study of Sparsely Populated Areas, University of Aberdeen, Edward Wright Building, Dunbar Street, Aberdeen, Scotland.

Geographical selectivity

From Dr. J. Whitelegg

Sir,—Anthony Moreton's article (January 18) expressed succinctly what many are thinking about regional aid. Greater geographical selectivity however is not likely to be the savior of what is indeed an ailing system.

If any sort of selectivity is going to work it will lie in the area of selecting those activities and types of manufacturing which are going to employ local people and give considerable spin-off to the local economy in terms of services and goods bought and sold locally. Unfortunately this would exclude much of the investment which might be available from foreign or UK based multinationals with their geographically dispersed centres of production. Their value to regional economies and hence regional policies is therefore less than some would like to believe and in some cases their impact can have a detrimental effect on the nurturing of smaller indigenous firms.

Greater selectivity could also take regional aid directly into the business of training and re-training labour. The artificial separation of manpower policies and regional aid in official thinking is a fundamental obstacle to real progress. Measures which could be taken include a much larger role for the Manpower Services Commission or an equivalent body as well as the direct encouragement of local managerial and entrepreneurial talent in the regions. Secondment, on a small scale, has already taken place utilising managerial expertise in UK firms; this could well be extended. Certainly such policies are likely to be more successful than persevering with an increasingly futile search for diminishing numbers of firms willing to invest in UK regions as opposed to overseas or wishing to invest in a new location at all.

The suggestion that service industries and in particular hotels can contribute in any meaningful way to the solution of regional problems needs careful qualification. If one is talking about the growth of a well paid service sector based on new technologies and accompanying "de-industrialisation" then we still have the same problem of ensuring that some of this reaches Merseyside, Sunderland and Millom; if not

then the implication is that the "regions" are condemned to become "low pay sinks" exacerbating current imbalances in occupational structures and income between regions.

There are many reasons apart from civic pride and self-respect why this is not a good thing and it may be that the "British reluctance to serve" is in response to some intuitive economic rationale. (Dr. John Whitelegg, Department of Geography, University of Lancaster, Bailrigg, Lancaster)

Handling glass fibre

From Mr. G. Hallett

Sir,—I have recently had to lay glass-fibre in a loft and have once more experienced what a nasty, inconvenient and, I suspect, dangerous substance it is.

Handling it loose seems a British peculiarity. In the U.S. it would be enclosed in paper, with aluminium foil on one side, for added insulation. This makes it clean and convenient to handle and much easier to use on walls or roofs. I am surprised that British glass fibre manufacturers sell their product in such an inefficient and anti-social way.

Graham Hallett, 10, Coed-y-Ynn, Rhinow, Cardiff.

Champagne still attractive

From Colonel Maurice Buckmaster

Sir,—Edmund Penning-Roswell is such a renowned and expert mine of information about wines in general, and champagne in particular, that I hesitate to disagree with him, even in the mildest way. His article of January 16 is excellent and a pleasure to read.

The point I wish to make, however, is that, from the basis of value for money, champagne has still a great attraction. When one makes the comparison of champagne-prices with prices of virtually every other wine, and nearly all other commodities, whether essentials or luxuries—champagne prices are still very moderate. The increased cost of production in this highly labour-intensive industry, and the soaring rise in bank charges, etc. on stocks which, by their nature, give no return on investment during their long stay in cellars, are barely reflected in the increase in the index price of champagne to 176 compared with 100 in 1970.

To say that the champagne merchants felt obliged "to reduce sales by means of raising prices" is to impute to them a motive which I think is undeserved. Prices have risen, for champagne as for almost everything else, because of increased production costs, but these rises have been tempered by a willingness on the part of those in the profession to cut their profit margins, while, as ever, maintaining product quality. Indeed the "mot" is "juste"—rien ne peut le remplacer.

Maurice J. Buckmaster, (Colonel) Champagne Bureau, 7 Swan Court, Chelsea Manor Street, SW3.

GENERAL

UK: One-day national rail strike.

National Coal Board makes first pay offer to National Union of Mineworkers.

Sir Derek Ezra, NCB chairman, speaks at National Materials Handling Centre lunch, International Press Centre, London.

Sir Robert Booth, National Exhibition Centre chairman and president of the Birmingham Chamber of Commerce, opens one-day seminar, Albany Hotel, Birmingham, on export credit and finance.

Institute of Purchasing and Supply conference, on the buyer,

Today's Events

the seller, and the law, Regent Centre Hotel, London.

Overseas: President Carter presents economic plans to Congress.

Pope John Paul II leaves for Mexico.

EEC Agricultural Ministers meet in West Berlin to discuss disagreements on farm pricing.

OFFICIAL STATISTICS: Final December figures for car and commercial vehicle production. Energy trends, institutional investment, third quarter.

PARLIAMENTARY BUSINESS: House of Commons: Debate on

Opposition motion on the economic and industrial situation. Motion on EEC documents on the steel industry.

House of Lords: Marriage (Enabling) Bill, second reading. Debates on industrial situation and London airports.

COMPANY RESULTS

Final dividends: Bank Leumi (UK), Y. J. Lovell (Holdings), Watson and Philip, Interim dividends: Crown de Groot, Fitch Lovell, Incheape and Company, McCarthy Pharmaceuticals, Interim figures: Rume Holdings.

COMPANY MEETINGS: See Company News on page 27.

DON'T WASTE YOUR TIME IN SOUTH AMERICA.

It's a reasonable assumption that any businessman planning a trip to South America would rather spend his time doing business than sitting about in airports.

But if your itinerary involves travel to a few major South American cities that is exactly what you could end up doing.

Fly Aerolineas Argentinas, after all we know the interior of South America better than anyone else.

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in England.

So, next time you're flying to South

America

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Tate & Lyle cuts final as profits fall £19m

REPORTING PROFITS down by over £19m in the year ended September 30, 1978 Tate & Lyle is cutting its final dividend from 4p to 10.5p net. This leaves the total down from 13.1p to 10.5p. In addition, the interim payment for the current year is being lowered from 3.1p to 2.5p.

Lower profits had been expected and the pre-tax figure emerges at £24.6m against £43.9m of which £13.5m (£19m) accrued in the second half.

As regards current year results Earl Jellicoe, the chairman, says that the group will have a hard struggle to maintain let alone improve on the 1977-78 results. He is looking to a far more satisfactory level of earnings in 1981.

Listing the reasons for the decline in profits the chairman explains that there was a fall from £9.9m to £1.2m in profits of UK sugar refining due to static demand and to the impact of Common Market policies. The group's starch and glucose activities suffered from an excess of capacity both here and in Europe and was aggravated by initial production problems at the Garton Milling plant at Battersea.

The exposure of the group to the worldwide decline in shipping rates is reflected in a drop in UK shipping profits from £6.1m to £0.8m.

Also the chairman reports that the cost of securing the market share aimed for in respect of refined syrups and sugars in the U.S. has proved greater than initial estimates.

The Board has been strengthened and management restructured. Also the rationalisation of UK sugar refining has been accelerated. A programme to produce higher efficiency and productivity has been introduced at Garton's starch refinery. The number of ships owned and freight risks are being reduced and measures have been taken to strengthen the group's financial position. Capital expenditure to improve the U.S. refinery will be completed in 1979.

The chairman warned later that he was not holding out any instant mirage for the group and he did not anticipate the start of any real recovery until 1980. Referring to the dividend reduction he explained that the group was intent on establishing a new base line from which it would be confident on moving upwards again.

Earl Jellicoe said that the sugar trading interests were facing significantly lower results this year, but against this a recovery in profits was expected from the sugar refining interests.

A proposed cutback in spending has trimmed between £15m and £20m off capital expenditure plans for the next two years on non-essential items. Capital expenditure in the current year is now likely to come out at £30m. Net group borrowings have increased from £96m to almost £115m. Some further increase will take place during 1979 but this will be substantially offset by funds received from asset realisation.

The chairman points out that the largest contribution to the group profits came from the sugar trading activities where the trading profit was up from £14.2m to £19.6m. Profits from the agribusiness also increased from £4.2m to £4.5m.

The year's attributable profit comes through at £39m against £27.7m and earnings per £1 share are shown at 16.3p (30.5p basic and 49.6p fully diluted).

	1978	1977
Turnover	1,146.3	1,252.2
Trading profit	36.4	50.4
Exceptional items	1.8	8.8
Interest	1.9	3.4
Share of associates	0.8	1.2
Profit before tax	39.9	66.8
Tax	12.7	23.1
Net profit	27.2	43.7
Minority interest	0.9	2.7
Dividends	5.8	7.3

See Lex

Status Discount surges £2.1m to best-ever £3.8m

WITH SECOND half profits almost doubled at £2.7m against £1.2m, Status Discount, retail store operator, surged from £1.7m to a record £3.8m pre-tax for the year ended November 30, 1978, on turnover up some £13m to £30.87m.

The directors say considering the severe weather conditions and industrial problems, the current year has started satisfactorily.

Given a stable background, the medium and long term prospects for the company are excellent, they state.

With the new bedroom furniture range adding a new dimension to business and the already established demand for kitchens and paint, the directors look forward to another record year.

A four-for-one scrip issue is proposed. Stated earnings per 10p share were substantially

higher at £1.49p (30.22p), while a second interim dividend of 2.46p net lifts the total payment from 4.05p to 4.47p, equivalent to 4.68p gross.

The directors are recommending a second interim in the hope that there will be some relaxation in the rules, which may enable them later to pay a third interim for the 1977-78 year to make a total gross payment of 10.77p.

Attributable profits jumped from £1.95m to £3.54m, after tax of £2.67m against £1.2m, and £221.212 (£233.019) extraordinary credits.

No provision has been made for tax deferred by stock appreciation which would have increased the charge by £1.566.887 (£765.181).

comment Status Discount has managed to

more than double profits each year since the recovery from losses in 1974. Sales this time are 73 per cent better and remarkably this was virtually all volume.

The extra £20,000 sq ft obviously provided a substantial boost although much of the improvement came from new openings the previous year. Meanwhile demand for kitchen furniture has been increasing since Status developed its new products 18 months ago.

Like Marks and Spencer but on a smaller scale, the company commissions a manufacturer to supply its own label goods. Status has subsequently become more competitive and enlarged the scope for widening margins.

Although the growth in sales of kitchen units will inevitably slow down, the company believes it has another good product in its own bedroom furniture. The first few weeks of the current year have clearly been patchy but with further new openings planned and the traditional resilience of the DIV market when consumer spending turns down, another good, if less dramatic year, is possible. At 209p the shares are on a p/e of five and yield 3.2 per cent.

comment



Mr. Michael Webster, chairman of Fitch Lovell, photographed in Smithfield Market at the company's Keovil subsidiary, which is responsible for handling wholesale poultry and provisions. The group's interim figures are due to be announced today.

SEET advances to £0.62m at half-time

AS FORECAST pre-tax profits of Scottish, English and European Textiles, the woven fabrics group, rose in the first half, and latest management accounts continue to show satisfactory trading.

In the half year to October 31, 1978, the group pushed up taxable profits from £561,000 to £617,000 on turnover unchanged at £5.1m. For the whole of last year the company turned in pre-tax profits of £1.29m on turnover of £10.16m.

Mr. J. E. M. MacKenzie, chairman, says the group's liquidity has improved. He adds that Tissue L'Abellie S.A. has acquired and is merging with the Porisian distributing company Le Mardele S.A. and the entire acquisition has been self-financed. Both companies operate from a prime location in the centre of Paris and the operation provides scope for further development.

The interim dividend is raised from 0.68p net per 20p share to 0.737p. Last year's total payout was 1.831p.

After the dividend payment amounting to £28,000 (£26,000) attributable profit comes out at £245,000, against £207,000.

	1978	1977
Turnover	5,102	5,102
Profit before tax	617	561
Profit after tax	153	129
Minorities	16	31
Attributable	137	98
Dividend	24	20
Retained	213	78

Final charge for year likely to be reduced by continued adoption of SSAP 15.

comment

The disappointing feature of SEET's first half results is the static sales picture. While exports showed a small increase, this gain was completely offset by a drop in the home market. During

this period consumer spending recorded a marked improvement, but apparently more competitive imports creased off most of the extra business. In spite of this, however, margins jumped a point to 12 per cent as a result of the company's rationalisation and re-organisation, and profits are 10 per cent higher. Exports, which now account for more than half of group sales, should continue to lead the way, in spite of more difficult conditions in the U.S. and a weaker dollar should not materially affect sales of expensive materials such as Harris Tweeds.

The company should be able to turn in profits of £1.5m for the year and this puts the shares at 76p, on a prospective p/e of 3.2 while the yield covered more than seven times the 4 per cent.

Downiebrae expands to £0.43m

PRE-TAX PROFITS of Downiebrae Holdings were up from £338,777 to £430,248 in the year to December 31, 1978. Turnover was ahead at £3.13m against £2.98m.

The Board says that results are being announced earlier than usual to facilitate internal re-organisation of the group.

After tax of £23,148 (£15,116), earnings per 10p share are shown higher at 4.73p (£2.71p). The final dividend is stepped up from 1.58p to 1.81p, making a total payment of 2.56p (£2.29p).

The group's interests include ingot manufacturing, metal merchandising, and manufacture of steel profiles and pipe flanges.

Rank recovers most of lost ground in second half

A SECOND-HALF upturn enabled Rank Organisation, the industrial and leisure group, to hold taxable profit for the year to October 31, 1978, at £123.03m, compared with a restated £124.51m. This was achieved without the benefit of substantial exchange gains—some £2m against £20m in 1977-78.

Announcing the results together with proposals for a one-for-six rights issue aimed at raising some £82m, Mr. Harry Smith, chairman, says progress would have been more apparent but for a temporary setback to profitability in Australia.

As at mid-year it was the performance of the group's associates jointly owned with Xerox Corporation that restrained the year's results. At the trading level group profit was higher at £40.27m (£37.97m) and other associates produced a £0.72m increase to £5.07m. Against these advances the jointly owned associates' trading surplus dipped from £105.3m to £97.8m.

Though it is difficult to judge how the group will be affected by the current industrial unrest in the UK it has the strength to respond to any difficulties with which it is likely to be faced, Mr. Smith comments. He adds: "We believe we are well placed to take advantage of the opportunities that are certain to present themselves."

After tax of £60,533 (£53,043) and minorities, earnings per 20p share were down 5p at 3.44p. A net final dividend of 4.888888p lifts the total to £3.888888p, compared with £3.022222p and an additional 0.056666p is to be paid in respect of 1977-78.

The directors propose to raise the total for the current year by 20 per cent to 10.7p. Treasury consent for this would be forthcoming in the context of the rights issue.

An extraordinary dividend this time of £1.69m (debit £1.66m) included profits net of losses on property sales of £2.2m, losses on cessation of business of £2.33m and profits less loss on sales of investments in subsidiary, associated and other companies, amounting to £3.12m.

Restatement of the previous

DIVIDENDS ANNOUNCED

	Current payment	Date	Corr. Total	Total
Ashdown Investment	3.3	Mar. 30	2.85	6.6
James Austin Int.	2.5	April 6	2.25	5.2
Thomas French	1.8	July	0.94	2.8
Downiebrae	1.81	Mar. 9	1.59	3.4
C. T. Japan Int.	15.07	April 5	11.36	26.07
A. Kershaw	0.56	Feb. 24	0.77	1.33
Marston Thompson Int.	0.39	April 4	0.39	0.78
New Wiltwatersand Int.	32	Mar. 18	0	32
Rank Organisation	4.89	April 6	4.85	9.74
Status Discount Int.	2.47	Mar. 6	2.41	4.88
SEET Int.	0.74	Mar. 6	0.68	1.42
Tate & Lyle	1.05	April 4	0.94	1.99
Tate & Lyle Int.	2.5	April 4	2.4	4.9
Union Discount	11.25	Mar. 13	8.44	19.69
Vogelstrubuit Metal	81	Mar. 13	5.4	86.4
Yorks. Fine Woollen Int.	25	April 7	1.82	26.82

Dividends shown pence per share net of tax where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition. ‡ For 12 months. § In lieu of final. ¶ South African. ** Additional £1.125 for 1977/78. *** Additional £1.125 for 1978/79.

year's results of the jointly owned associates with Xerox because of the change in accounting for capital leases, increased the profit by £245,000, and reduced tax by £20,000, and increased minority interest by £15,000, against the report figures.

Rank Organisation's three major sectors based in the U.K.—Industrial and consumer products, leisure services and hotels and holiday centres—all showed a significant increase in trading profits, averaging 38 per cent. Unfortunately, these improvements totalling £8.6m were offset by a serious reduction in profits in Rank Industries Australia of £4.4m.

RANK ORGANISATION 1977-78 1978-79
Trading profit 40,265 77,597
Share associates 1,000 1,000
Jointly owned 87,899 105,291
Others 5,070 4,250
Interest receivable 12,000 12,000
Profit before tax 146,234 200,038
Tax 30,338 37,500
To profit 115,896 162,538
To minority 1,994 1,994
Attributable 113,902 160,544
Dividend 19,077 14,425
Retained 94,825 146,119
Total 113,902 160,544

The proposed merger between

Rank Organisation and Leisure Caravan Parks is not to be referred to the Monopolies and Mergers Commission.

The taxable earnings of the group's subsidiary Rank Industries Australia were down from £51.63m to £37.19m for 1977-78, with the share of associate profits down from £22.65m to £48.95m.

Net profit was £7.31m lower at £28.8m after tax of £28.39m (£32.48m). Dividends cost £15.52m (£9.59m), leaving retained surplus of £13.38m against £25.95m.

Investment income for 1977-78 off A. Kershaw and Sons, the precision engineering subsidiary of Rank Organisation, whose main asset is its substantial holding in Rank Precision, was ahead of £4.5m to £5.15m.

The tax charge was £386,134 (£319,698), leaving the net balance higher at £5.88m against £4.01m for earnings per 20p share of 56.79p (£45.94p).

With Treasury consent the net dividend is raised to 15.088888p, giving a total of £3.888888p (£3.022222p). In addition £0.056666p is to be paid in respect of 1977-78.

comment

In contrast to the news of a trading loss from Alexander Discount earlier this week, Union Discount has produced a profit for the year after a transfer to inner reserves. Admittedly disclosed profits are lower than in the last year of 1978, yet to pay an increased dividend without damaging reserves in a year when Minimum Lending Rate rose by 64 points rates as a significant achievement. Margins were squeezed throughout the summer, but Union was able to exploit the big shift from Ster-

ling CDs to commercial bills after the introduction of the credit. And by keeping the life of its assets short and the length of its money book relatively long, it was able to get back into profit in the late autumn.

Union was looking aggressively for Treasury Bills in the final weeks of the year, which explains its high current asset figure as the balance sheet date. This, it claims, helped to cut the average cost of its money by half a point, and the book has contracted sharply this month. Union is braced for the possibility of a further rise in interest rates; meanwhile the shares yield 34 per cent at 217p.

comment

Mr. E. G. T. Firth, chairman, says he is hopeful of a good result for the second six months of the current year. He adds that the group's financial position is still strong, and although the amount received from short-term lending is down at the half year the general rise in interest rates will improve income for the full year.

PRE-TAX profits of James Austin Steel Holdings jumped from £404,025 to £545,042 in the six months to September 30, 1978 on turnover ahead from £5.99m to £6.97m. This compares with £562,479 in the second half of the 1977-78 when group profit totalled £768,504.

Mr. E. G. T. Firth, chairman, says he is hopeful of a good result for the second six months of the current year. He adds that the group's financial position is still strong, and although the amount received from short-term lending is down at the half year the general rise in interest rates will improve income for the full year.

However, the company returned to profitability before the end of the year as the life of the assets was short and the money book was, by traditional standards, long.

As regards the future short-term interest rates are rising and the possibility of a further rise in MLR cannot be ignored says Mr. Petherbridge. The need to sell gilts may require one more burst on the interest rate accelerator before the end of the fiscal year.

The dividend total is effectively stepped up from 15.812p to 17.657p, with a final of 11.262p. The profit for the year is after

Steel division turnover, says Mr. Firth, is substantially higher in this half, and the increase should be maintained for the remainder of the year.

Profit margins have been extremely competitive. But their effect has been compensated by the volume of turnover. The amount of stock appreciation during the period is rather more

INTERIM STATEMENT A. & J. Gelfer Ltd.

Unaudited results for six months to
30th September 1978

	6 months to 30th Sept. 1978	6 months to 30th Sept. 1977
Turnover	£2,005,397	£1,461,450
Pre-Tax Profit	£ 343,905	£ 280,325
Tax	£ 178,000	£ 134,700
Net profit after tax	£ 165,905	£ 125,625
Interim Dividend	7.0% Net	6.0% Net
Earnings/Share	2.65p	2.01p

Dividend is payable 11th April, 1979.

Marston Thompson

PRE-TAX PROFITS of Marston, Thompson and Evershed, brewer and wine and spirit merchant, rose from £2.18m to £2.33m in the half year to September 30, 1978. Sales advanced to £13.31m (£12.72m).

The board says prices have been held since March 1978 although costs have continued to rise. Consequently results for the second half are unlikely to show a similar advance compared with the same period last year. The net interim dividend is increased from 0.7879p to 0.8375p.

Thos. French optimistic at halfway stage

PRE-TAX PROFITS of Thomas French and Sons, manufacturer of curtain styling products and electric surface heating products, were £1.22m for the year ended September 30, 1978, compared with £1.27m for the previous 15 months.

The Board says that, in the current year, although the home furnishings market is volatile, making even short-term forecasts suspect, continued progress is anticipated in this market, as well as improvements in the companies which fared less well last year.

After tax of £660,644 (£684,747), stated earnings per 10p share are 14.9p, against 16.7p. As forecast at the halfway stage, the net final dividend is 1.6p (0.94p), making 2.5p for the year (3.19p for 15 months). Turnover was £13.25m (£13.63m).

comment

However, annual interest charges will be slightly lower as the funds replace a host of loans of up to three years at interest rates above the latest coupon.

EMI funding U.S. short-term debt

EMI has raised a \$50m 15-year refinancing loan at 9 1/2 per cent by means of a private placement with institutional lenders in the U.S.

The company says that the funds will be largely used to repay short-term debt in U.S. dollars. The loan will therefore not have a material effect on the company's gearing.

However, annual interest charges will be slightly lower as the funds replace a host of loans of up to three years at interest rates above the latest coupon.

comment

However, annual interest charges will be slightly lower as the funds replace a host of loans of up to three years at interest rates above the latest coupon.

comment

comment

comment

comment

comment

72 companies wound-up

Orders for the compulsory winding up of 72 companies have been made by Mr. Justice Vinelott in the High Court. They were:

- M.L.M. Builders, Executive Leasing, Simur, Mind Movers, Ballard and Barrett Freight Services, Caygills (Builders and Slaters), Comet General Cleaning Company (Berkhamstead), Bendorwell, Len Marsh Plastering Company, Aries Products (Clothing),
- Chingreen, Chingreen Investments, M.E.L. Insurance Broking and Finance, G. Thomas Engineering Services, Lunfield Builders and Contractors, Moor Restaurants (Newcastle), Elkins Productions, Caxfawa, Duramis Fuels, E. J. Hamilton Transport (Southampton), Fair Oak Motors, F. and M. Carpeis (Stafford), Trancon, Smith Cuisine, Riviera Freight, Queensbridge Ashall, N. B. Bharvart and Company (London), The New Manchester Buildings Company, Parnham Preservation, Eastee Separates, and Charlton Developments (Cheltenham), Fox Felting,
- Price-Rite (Jewellers), Barnett Christie, Mid Cheshire Joinery Company, Overglade, Phyllis Landi Investments, Richard Kingsley Automobiles, Lea Painting Contractors, Conicest, A. and G. (Jewels), Daxal Freight Services,
- Sandcap Rentals, Anderstafte Engineering, Hawthorn Transport (Coventry), Primary Metals, Webb, Cullen and Company, Modern Plaster Insulation (Pennine), Tweed Yard, Gashworth,
- Lemmings of Actionvalley, Omnia Pastimes, Vistepe, Zc, pertain, Mandala Builders, Thermopanel Heating Services, Glinver Grange, Leslie Thurston (Builders), Christionette International,
- Exchange Facilities, Yeoman Garage (Beardst), Hal-Sped, Barr Express, Barwickton, Orange Building Services, David Clark Cars, Bateman Alward Groundwork, W. S. Lowdell (Nuthurst), Plastic Wall and Roof Coatings, and New Burlington Estates.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Sears files civil rights complaint

CHICAGO — Sears Roebuck and Co. filed a class action lawsuit in the U.S. District Court in Washington D.C. charging that 10 federal agencies have failed to enforce or improperly enforced laws barring discrimination in employment.

Sears alleged in the complaint that it and other employers are denied the right to comply with provisions of federal anti-discrimination statutes, and regulations by the defendants.

The company said that the agencies "have failed to coordinate the federal civil rights enforcement effort, have willfully or negligently failed to enforce federal civil rights laws, and have denied private employers the means of proving compliance with the law."

In the suit, Sears said it and the plaintiff class are faced with conflicting compliance requirements.

The complaint seeks an injunction providing that no agency or department may penalize Sears or the other plaintiffs by cancellation of government contracts or monetary penalties until the Federal Government develops accurate statistics to measure compliance with Government policies.

Kaiser Aluminum

Kaiser Aluminum and Chemical Corporation has declared a regular quarterly dividend of 25 cents per share on common stock. The dividends declared follow record earnings in 1977. Total earnings last year reached \$3.58 a share, or \$7.16 a share on shares outstanding before the two-for-one stock split in October 1978.

Fourth quarter slowdown in earnings at Shell Oil

BY DAVID LASCELLES IN NEW YORK

MORE U.S. oil companies reported mixed results for 1977. Shell Oil, the Houston-based company, 60 per cent owned by Royal Dutch-Shell, said that net income rose 7 per cent from \$760m or \$3.28 a share in 1977 to \$814m or \$3.45. But most of this rise came in the earlier part of the year. Earnings in the last quarter were flat — \$192.3m against \$192.7m in the same period a year earlier.

The improved year-end figures were due mainly to better results from oil and gas production and from increased volume in sales of refined products. These more than offset the company's increased operating costs.

However, towards the end of last year Shell was obliged by

federal regulation to cut prices on some of its gasoline products, and it had to ration distribution of premium lead-free petrol because of reduced capacity at two refineries.

Mr. John Bookout, president, said the company is placing continuing strong emphasis on crude oil and gas exploration and development.

Ashland Oil, which is in the process of undergoing a major restructuring, reported a 27 per cent rise in net income to \$30.7m on \$1.33 per share for its first quarter, which ended in December. Sales were up 13 per cent to \$1.5bn.

The company commented that serious interest had been shown in its plans to sell off its oil and gas properties in order to concentrate on refining and

marketing, and it expects to make an announcement soon, possibly at its annual meeting today.

Cities Service, based in Oklahoma, said that its profits for 1977 dropped 4 per cent from the year before to \$202.5m, or \$7.32 per share and that income in the last quarter was unchanged at \$54.2m on \$1.96 per share.

Standard Oil (Indiana) lifted annual earnings by a modest 4 per cent to \$1.08bn or \$7.36 a share, though sales for the year were up 15 per cent, from \$14.3bn to \$16.3bn. In the last quarter, net income actually declined by 3 per cent, from \$222.3m or \$1.51 a share, to \$216.7m or \$1.48 a share, on a 13 per cent rise in sales to \$4.5bn.

Union Carbide edges ahead Weyerhaeuser

By Our New York Staff

UNION CARBIDE, the second largest chemical company in the U.S., blamed foreign currency accounting losses and the cost-price squeeze for its modest 3 per cent rise in 1977 earnings last night. Net income for the year was \$394.5m or \$6.18 per share compared with \$385.1m or \$6.05 per share last year. Sales were up 12 per cent to \$7.87bn.

At the same time, the company reported a 13 per cent rise in last quarter 1977 earnings to \$128.5m or \$1.98 a share on a 15 per cent increase in sales from \$1.23bn to \$2.09bn. Earnings in this quarter included the 83 cents per share gain from the sale to British Petroleum Chemicals of most of Union Carbide's European operations. The

Weyerhaeuser Company, the leading U.S. forest products producer, has reported a 22 per cent increase in 1977 net earnings despite a \$41m after tax charge to cover the cost of settling civil anti-trust suits.

This has wiped 32 cents a share off the company's \$371m or \$2.85 per share net. Nevertheless, the year-end figure is still higher than projected by some analysts, largely because of an unforeseen 43 per cent leap in fourth quarter earnings.

These were \$55m or 74 cents per share compared with \$66.5m or 50 cents a share on sales which rose from \$654.4m to \$1.1bn.

For the full year, earnings rose from \$304m or \$2.30 per share to \$371m or \$2.85 per share, and sales rose from \$3.3bn to \$3.5bn. These record earnings reflect the gains from Weyerhaeuser's leading position as a supplier of wood products to the housing industry. With housing starts last year topping 2m, the company's lumber and plywood margins widened. But the expected decline in

the housing market this year — estimates range from 1.2m to 1.7m starts — could weaken Weyerhaeuser's profits this year. However, the company draws substantial earnings from selling logs to Japan, and the yen has given it considerable freedom to raise prices. Unless the dollar stages a major rally, this advantage should help to offset setbacks flowing from the state of the domestic housing market.

International Paper, the U.S. largest paper company, has sold woodlands and a pulp and paper mill at Panama City, Florida, for about \$220m.

International Paper announced its intention to sell last September, and the sale price, according to Mr. George Adler, an analyst with Loeb Rhoades Hornblower, should result in a capital gain of around \$2.40 per share. Some of the proceeds are expected to go into financing the \$550m investment in a new mill for the 1980s at Mansfield, Indiana.

EUROBONDS

ERN sector still strong

By Francis Ghitis

THE MEASURES announced by the Swiss central bank yesterday afternoon arrived too late to allow any reaction in the Swiss franc bond secondary market. Most Swiss bankers, however, expected prices to show a modest rise in trading today. Non-Swiss bankers argued that coupons were currently too low on Swiss franc foreign bonds to tempt foreign investors back on any scale.

A Swiss 30m convertible bond private placing for Penta-Ocean Construction Company is being arranged by Swiss Bank Corporation and Fugl Bank (Switzerland). This single issue carried a coupon of 4 1/2 per cent and has been priced at 100.30. The bonds will be convertible into common Penta-Ocean shares at 125 per share after April 2 this year.

A Swiss 200m private placing for the Kingdom of Norway is being arranged by Credit Suisse. This carries a coupon of 5 per cent.

The dollar sector of the bond market was again firmer yesterday, with prices on straight issues up by between 1 and 1 1/2 points. The widespread feeling that the dollar is now on the mend was reinforced by the fall in the six-month London interbank rate, which stood at 11.9/16 last night, having fallen from a level of 1 1/2 the day before.

The floating rate note continues to be strong, with more buying than selling interest in evidence.

Sharp gain at General Foods

BY OUR FINANCIAL STAFF

BOOSTED by a sharp recovery in its worldwide grocery coffee business, earnings of General Foods soared by 78 per cent in the third quarter to \$69m, or \$1.38 per share, on sales which were only marginally higher at \$1.38bn.

But now that the coffee side had moved away from the severely depressed levels of a year ago, the group's rate of earnings increase would be "moderate significant," it added.

The improvement in its coffee business had raised international results in the third quarter above expectations,

especially in Europe, where earnings had been strong over the past six months after the losses of a year ago.

For the whole of the first nine months, General Foods managed a 49 per cent increase in earnings to \$175.3m, equivalent to \$3.51 a share. Sales moved up from \$3.83bn to \$4.33bn.

Also making a marked contribution to the third quarter results, said the company, was the introduction into eastern U.S. markets in December of its carbonated candies, recently launched in most of the U.S. and Europe.

Another leading U.S. food company, Nabisco, which also operates in the toiletry and pharmaceutical sectors, suffered an earnings decline last year to \$101.6m, or \$1.18 a share, from \$103.9m, or \$1.24.

While sales of its food products went up during the year, those in its other two main areas were stagnant, it said. During the final quarter, however, it managed a 14 per cent earnings gain to \$34.5m, or \$1.03 per share.

Nabisco said that sales of its skin care products declined below the levels of the previous year.

3M makes solid advance

By Our Financial Staff

MINNESOTA MINING and Manufacturing, the diversified group whose products range from abrasives and adhesives to "Scotch" magnetic tape, lifted fourth quarter earnings by 35 per cent from a corresponding \$103.9m or 94 cents a share to \$147.2m or \$1.26 a share, on sales only 7.3 per cent up from \$1.01bn to \$1.19bn.

Yearly earnings rose by 33 per cent from \$412.5m or \$3.57 a share to \$558m or \$4.83 a share, on sales 17 per cent up from \$3.98bn to \$4.66bn.

Eulabank shows steady growth

BY MICHAEL LAFFERTY

EULABANK, the consortium bank which lends to Latin America, increased pre-tax profits by almost 21m to \$4m in the year to September 30, 1977. During the year the bank's total loan portfolio rose by 51 per cent to \$166m. In

his statement, Professor Alberto Ferrari, the chairman, warns that rising interest rates and the general reduction in spreads, combined with the continuing weakness of the dollar, may cause a slowing down in the bank's future earnings growth.

RESULTS IN BRIEF

Earnings decline for rail merger groups

NEW YORK — The two companies involved in a major railway merger plan in the U.S. which would affect the control of 27,000 miles of rail line experienced reductions in full-year net earnings per share. Chesapeake Systems earned \$3.59 per share compared with \$4.51, and Seaboard Coast Line Industries made \$4.84 per share compared with \$7.02.

Full-year, per-share earnings for both industries, the steel, engineering and aerospace group, improved to \$6.66 from \$3.40, while the California containing concern Levi Strauss made \$8.59 compared with \$5.97.

A modest decline in earnings was experienced by the utility Southern California Edison, which earned \$3.52 for the year

compared with \$3.80.

The savings and loans group Great Western Financial improved to \$6.01 per share compared with \$4.95, and Imperial Corporation of America, another savings and loan body, earned \$4.98 against \$4.10.

The metals concern, Kennametal, had a stronger full year result with earnings of \$2.20 per share compared with \$1.58, and Pullman Incorporated, the transport equipment, engineering and construction group, boosted earnings to \$3.83 against \$3.03.

A decline in earnings was reported for the utility Public Service Indiana, with \$2.92 for the year compared with \$3.28.

First quarter earnings for the outboard motors concern Outboard Marine showed a loss of

57 cents per share, an improvement on the corresponding loss of \$1.13.

The hair and beauty products and food group, Alberto-Culver had a better first quarter with earnings up to 15 cents per share against 12 cents.

National Standard, which specialises in wire and steel products, had slightly reduced first quarter earnings of 84 cents compared with 86 cents and Ralston Purina, the feed and cereals concern, had slightly improved earnings for the quarter of 41 cents against 40 cents.

The first quarter also saw a recovery for Winnebago Industries, the mobile homes manufacturer, with 1 cent per share earnings compared with a loss of 3 cents. Damon Corporation,

which specialises in medical instruments, reported unchanged earnings of 4 cents.

The schoolbooks company Jostens boosted its first quarter earnings to 54 cents against 45 cents.

Six month results of Automatic Data Processing showed an improvement to 99 cents per share compared with 83 cents, while McLean Trucking, the North Carolina-based freight carrier, had a poorer six months with earnings at \$1.26 per share against \$1.57.

The retail group Dillon Companies had a better first half with \$1.63 per share compared with \$1.54.

Taft Broadcasting had stronger nine months earnings of \$2.84 compared with \$2.08. Agencies

AMERICAN QUARTERLIES

AMERICAN HOME PRODUCTS	1977	1977
Fourth quarter	1977	1977
Revenue	\$35.3m	\$35.3m
Net profits	\$8.8m	\$8.8m
Net per share	0.57	0.48
Year		
Revenue	\$3.27m	\$3.27m
Net profits	\$3.43m	\$3.43m
Net per share	2.21	1.92

AMP INCORPORATED	1977	1977
Fourth quarter	1977	1977
Revenue	\$2.5m	\$2.5m
Net profits	\$0.7m	\$0.7m
Net per share	0.74	0.75
Year		
Revenue	\$8.7m	\$8.7m
Net profits	\$7.7m	\$7.7m
Net per share	2.87	2.92

AMST INDUSTRIES	1977	1977
First quarter	1977	1977
Revenue	\$2.5m	\$2.5m
Net profits	\$1.2m	\$1.2m
Net per share	1.01	1.01

BUZYRUB-ERIE	1977	1977
Fourth quarter	1977	1977
Revenue	\$1.3m	\$1.3m
Net profits	\$0.4m	\$0.4m
Net per share	0.73	0.73
Year		
Revenue	\$5.2m	\$5.2m
Net profits	\$2.4m	\$2.4m
Net per share	2.52	2.52

CEPRING GLASS	1977	1977
Fourth quarter	1977	1977
Revenue	\$2.1m	\$2.1m
Net profits	\$0.5m	\$0.5m
Net per share	0.53	0.53
Year		
Revenue	\$8.2m	\$8.2m
Net profits	\$2.4m	\$2.4m
Net per share	2.52	2.52

DOUGLASS LUKKIN & JENNETTE	1977	1977
Fourth quarter	1977	1977
Revenue	\$7.5m	\$7.5m
Net profits	\$2.0m	\$2.0m
Net per share	0.23	0.23
Year		
Revenue	\$28.6m	\$28.6m
Net profits	\$7.5m	\$7.5m
Net per share	0.93	0.93

EVANIS PRODUCTS	1977	1977
Fourth quarter	1977	1977
Revenue	\$1.5m	\$1.5m
Net profits	\$0.4m	\$0.4m
Net per share	1.03	0.86
Year		
Revenue	\$1.9m	\$1.9m
Net profits	\$0.4m	\$0.4m
Net per share	0.85	0.85

FIRST BANK SYSTEM	1977	1977
Year	1977	1977
Revenue	\$3.9m	\$3.9m
Net profits	\$0.8m	\$0.8m
Net per share	0.63	0.47

GEORGIA-PACIFIC	1977	1977
Fourth quarter	1977	1977
Revenue	\$1.8m	\$1.8m
Net profits	\$0.7m	\$0.7m
Net per share	0.73	0.63
Year		
Revenue	\$4.4m	\$4.4m
Net profits	\$0.7m	\$0.7m
Net per share	0.82	0.82

GIDDINGS AND LEWIS	1977	1977
Fourth quarter	1977	1977
Revenue	\$4.1m	\$4.1m
Net profits	\$1.1m	\$1.1m
Net per share	1.06	0.48
Year		
Revenue	\$19.3m	\$19.3m
Net profits	\$1.1m	\$1.1m
Net per share	1.06	0.48

MASTIN BARRITTA	1977	1977
Fourth quarter	1977	1977
Revenue	\$97.2m	\$97.2m
Net profits	\$36.5m	\$36.5m
Net per share	1.44	0.85
Year		
Revenue	\$5.4m	\$5.4m
Net profits	\$1.0m	\$1.0m
Net per share	1.02	1.02

MOONSHANTO	1977	1977
Fourth quarter	1977	1977
Revenue	\$1.3m	\$1.3m
Net profits	\$0.3m	\$0.3m
Net per share	1.20	0.58
Year		
Revenue	\$5.0m	\$5.0m
Net profits	\$0.3m	\$0.3m
Net per share	0.81	0.77

NATIONAL STANDARD	1977	1977
First quarter	1977	1977
Revenue	\$7.3m	\$7.3m
Net profits	\$1.9m	\$1.9m
Net per share	0.84	0.36

NORTHWEST TELECOM	1977	1977
Fourth quarter	1977	1977
Revenue	\$4.1m	\$4.1m
Net profits	\$0.9m	\$0.9m
Net per share	1.50m	1.22m
Year		
Revenue	\$1.50m	\$1.50m
Net profits	\$0.3m	\$0.3m
Net per share	3.33	3.33

NORTHWEST BANCORP	1977	1977
Fourth quarter	1977	1977
Revenue	\$3.6m	\$3.6m
Net profits	\$0.9m	\$0.9m
Net per share	0.92	0.80
Year		
Revenue	\$3.55m	\$3.55m
Net profits	\$0.9m	\$0.9m
Net per share	3.65	3.65

PROCTER & GAMBLE	1977	1977
Second quarter	1977	1977
Revenue	\$2.25m	\$2.25m
Net profits	\$1.27m	\$1.27m
Net per share	1.54	1.34
Year		
Revenue	\$4.53m	\$4.53m
Net profits	\$2.5m	\$2.5m
Net per share	3.58	3.18

ROHM & HAAS	1977	1977
Fourth quarter	1977	1977
Revenue	\$20m	\$20m
Net profits	\$13m	\$13m
Net per share	7.01	6.48
Year		
Revenue	\$1.25m	\$1.25m
Net profits	\$5.5m	\$5.5m
Net per share	4.30	3.02

ROLLINS	1977	1977
Second quarter	1977	1977
Revenue	\$2.4m	\$2.4m
Net profits	\$0.5m	\$0.5m
Net per share	0.87	0.87
Year		
Revenue	\$1.71m	\$1.71m
Net profits	\$0.5m	\$0.5m
Net per share	0.87	0.87

SMITHKLINE	1977	1977
Fourth quarter	1977	1977
Revenue	\$1.7m	\$1.7m
Net profits	\$0.7m	\$0.7m
Net per share	1.68	0.89
Year		
Revenue	\$1.11m	\$1.11m
Net profits	\$0.1m	\$0.1m
Net per share	0.45	0.25

SOUTHERN RAILWAY	1977	1977
Fourth quarter	1977	1977
Revenue	\$37.1m	\$37.1m
Net profits	\$3.7m	\$3.7m
Net per share	1.25	1.40
Year		
Revenue	\$1.25m	\$1.25m
Net profits	\$3.7m	\$3.7m
Net per share	1.25	1.40

TIGER INTERNATIONAL	1977	1977
Fourth quarter	1977	1977
Revenue	\$3.5m	\$3.5m
Net profits	\$0.8m	\$0.8m
Net per share	1.18	0.87
Year		
Revenue	\$13.8m	\$13.8m
Net profits	\$0.8m	\$0.8m
Net per share	1.18	0.87

C-202 9- 53	350	87%	88%
Comcast 8- 83	70	94%	85%
Comcast Bridge 8-86...	26	86	85%
13 8- 53	125	86%	86
Support Dv. Cpn. 8-85 84	150	100%	101%
..... 8-86	80	86%	86

Companies
and Markets

INTERNATIONAL COMPANIES and FINANCE

MILAN STOCK EXCHANGE

New lease of life for the private sector

BY RUPERT CORNWELL

STRIKE OR no strike, the Milan Bourse is enjoying one of its periodic mini-revivals. What is the market's continuing optimism about the failure of the Government in Rome to take any concrete steps to enhance its standing, prices have risen steadily since the two-day stoppage by brokers last week.

Almost inevitably, at the centre of the activity has been Montedison, the chemical group whose adventures and misadventures have been a constant in the Italian scene for years. Now, however, not only does the market discern happier times ahead for Montedison but for the economy and Italian industry at large.

Helped by favourable technical circumstances, trading volume has picked up and there are cautious hopes for further share price gains following last year's advance of around 26 per cent.

All this, however, still leaves the Bourse a long way from being a vital cog in the country's financial machinery. Moreover, the signs are that the agitation of the last few weeks, which boiled over with the nomination by Sig. Giulio Andreotti of his friend and Rome impresario Sig. Bruno Pazzi to membership of CONSOB, the markets regulatory agency, will continue if nothing is done speedily.

Promises of reform have been the staple diet of the

market for years, but virtually nothing has been accomplished to bring its operation into line with the times. CONSOB itself was launched three and a half years ago, supposedly to be Italy's answer to the American Securities and Exchange Commission (SEC). But the Bourse remains a haven for insider trading and the preserve of specialists, lacking the institutional involvement taken for granted elsewhere in Europe.

Sig. Andreotti himself has promised another set of measures to revitalise Italy's stock markets, and the Treasury Minister, Sig. Filippo Maria Pandolfi is due to present shortly proposals to increase the powers of CONSOB. Even the Communists are in favour of improving the Bourse along what amount to orthodox capitalist lines, but nothing seems to happen. The result is that today Milan trades in a year what Wall Street

despatches in a day and a half and it is authoritatively estimated that around three-quarters of deals in quoted companies take place outside the market. A vicious circle has set in, whereby prices on a narrow market so undervalue real assets that important transactions are conducted elsewhere, mainly through the intermediary of the banks. Libya, for example, bought its celebrated 9.8 per cent stake in Fiat in December

1976 at around L6,000 per share, more than three times the then price on the Milan Bourse.

Such discrepancies in turn add to the air of unreality surrounding the market, and reduce further its relevance.

Just why the Government is so unwilling, or unable, to improve matters is not entirely clear.

Currently the Milan bourse trades in one year what Wall Street despatches in a day and a half, partly because around three-quarters of share deals take place outside the official market. But the tide may be turning.

One possible explanation stems from the suspicion that were CONSOB given the powers it wants to delve into the books of quoted companies, some subsidiaries of Italy's powerful public sector corporations could yield secrets highly embarrassing to their political masters.

But the tide may be turning, with more Italian companies looking to seek a more rigorous vetting of their accounts—not least because of the plans of the common market for greater disclosure which could lead to Brussels achieving what Rome cannot. As Sig. Giorgio Aloisio de Gaspari, new head of the Milan stockbrokers association points out, "now that everyone here is rediscovering the private sector, it's only logical that things move in our favour."

He has gone further and

drawn up a list for the Government of what should be done. First come incentives to persuade companies to seek a listing. While only 182 companies are currently publicly quoted (and just one of them foreign) "there are 1,000 Italian companies worth trading," says Sig. Aloisio de Gaspari. These

measures to induce savers to invest in shares (notably tax changes to put share income on at least the same footing as other income), and to stimulate the flow of risk capital into industry. The status of stockbrokers should be enhanced, measures brought in to encourage institutions into the market, and a tighter code to control takeover and share exchange offers and clamp down on insider trading.

Nothing, however, better illustrates the divide between vision and reality than the Byzantine manoeuvres in progress to reorganise the financial and industrial empire of Sig. Carlo Pesenti, the Bergamo-based entrepreneur, whose master company Italcementi has been at the centre of endless

house speculation, and whose shares have doubled in the last six months.

It is a text-book example of crossed shareholdings and other practices that make an outsider tread very warily indeed.

The Pesenti group is one of the most powerful in private hands here. Its cement-making activities alone, concentrated in Italcementi, generated sales of L424bn (\$510m) in 1977, while the banking interests, controlled by Italcementi's 100 per cent owned subsidiary Italmobiliare and including Banco Provinciale Lombardo and Istituto Bancario Italiano (IBI), are conservatively valued at L700bn (\$840m).

Then there is a 41 per cent stake in Ras, Italy's second largest private insurance group, 64 per cent of Franco Tosi, an electrical engineering company with sales of L150bn (\$180m), and 25 per cent of Falck, a steel concern with a turnover of some L300bn (\$350m). It was from the banking side that the problems stemmed.

According to well-placed analysts Sig. Pesenti created two obscure investment companies, called Cemital and Privital, to buy his 37 per cent master holding in Italcementi. To do so, however, these two companies borrowed a reported L160bn (\$190m) from Banco Provinciale Lombardo, which is of course controlled by Italmobiliare, a

subsidiary of Italcementi.

"It is a case of A owning B, and then B financing A." If anything went wrong, a chain reaction could set in, one analyst puts it. The Bank of Italy was also concerned, and asked Sig. Pesenti to put his holdings in better order.

Last December, the financier sold his 79 per cent shareholding in another bank, Credito Commerciale and from the proceeds began to make good the debts outstanding towards Banco Provinciale. It now appears that the second stage of the operation is imminent, to remove the cross holding.

This will probably be done by distributing Italmobiliare shares to Italcementi shareholders, who include not only Privital and Cemital but also the Vatican. With the two companies separated, Sig. Pesenti is then expected to make Italmobiliare the cornerstone of the group, once the highly complicated valuations have been carried out, and his own subsequent control ensured.

The whole affair, though, has already produced enough dramatic twists for any prediction to be made only with greatest caution. Moreover, reports that, as part of the package, IBI itself, the biggest of his banks, with deposits of over L3,000bn, may also be sold, have merely served to make the waters muddier still.

Aluminium
Pechiney
expansion

By Terry Dodsworth in Paris

ALUMINIUM Pechiney, the French company which ranks among the world's top five aluminium manufacturers, has put in train a Fr 400m (\$92m) modernisation programme aimed at raising production by 20 per cent.

The move is based on the present state of buoyant demand for aluminium, and the conviction at Aluminium Pechiney, a subsidiary of the large Pechiney Ugine Kuhlmann group, that the industry is moving into a period of capacity shortage.

Much of the sales improvement last year, says Pechiney, was due to the increasing use of aluminium as a light, energy-saving component, and this trend is expected to continue.

The Fr 400m is being invested in the five years up to the end of 1983, with the lion's share going to the plant at St. Jean de Maurienne where the object is to produce an additional 40,000 tonnes a year. This will account for a little more than half of the planned extra 82,000 tonnes, the other 40,000 tonnes being spread around the group's remaining nine factories.

Pechiney claims that this method of expansion will be much cheaper than building a green field site, the aim being to reduce costs and energy consumption, while also improving working conditions.

The group will emerge from the programme with a total capacity in France of about 490,000 tonnes a year. This, it says, would enable it to remain at a level at which it can supply about 5 per cent of the world market.

In the short-term, Pechiney expects demand for aluminium to reach 12,250,000 tonnes this year, a 2 per cent improvement by comparison with 1978. U.S. demand is predicted to drop by 2.5 per cent, but to be more than compensated for by a 6 per cent rise in Europe and Asia.

If this prediction is fulfilled, Pechiney feels capacity utilisation in the industry will reach 92 per cent by the end of this year.

At the same time as this new investment in France, Aluminium Pechiney, which has a total world production capacity of a little over 1m tonnes a year, is pressing ahead with new investments in the Americas and in Spain.

Yen rise hits Mitsubishi

BY RICHARD HANSON IN TOKYO

MITSUBISHI Corporation, the largest trading house in Japan, suffered a broad decline in sales and net profit in the first six months as a result of the yen's appreciation, and foresees a similar drop for the full year to March.

Net income for the period to September 30 was down by 12 per cent to ¥11,050m (\$56m) from ¥12,600m in the same period of the previous year. This was a steeper fall than the 4.9 per cent drop recorded for the parent company alone.

because of losses in converting overseas revenues into yen.

Trading transactions were down by 9.4 per cent to ¥446 trillion (million million) from ¥492 trillion, with the biggest declines occurring in the value of its import business. All groups of commodities showed falls, with fuels, general merchandise and machinery down by 18.9 per cent, 11.8 per cent and 9.8 per cent respectively.

Mitsubishi did manage to increase the efficiency of its financing operations, showing a net decrease in interest ex-

penses of ¥4.5bn as a result of the lowering of the official discount rate last March.

Gross trading profit declined by 7.7 per cent, or ¥9,600m, to ¥114,880m, with about half of the drop due to exchange losses arising from the translation of receivables and payable of consolidated foreign subsidiaries into yen.

The decline was partly offset by a rise in profit from sales of properties, which totalled ¥2,550bn against only ¥231m a year ago, and a doubling of income from securities sales and miscellaneous items to ¥2,120m.

IEL bids for control
of Winchcombe Carson

BY JAMES FORTH IN SYDNEY

INDUSTRIAL EQUITY, the corporate take-over specialist, has launched a bid for Winchcombe Carson, the New South Wales pastoral group. IEL is a long-standing shareholder in Winchcombe and already owns 21 per cent of the capital.

The IEL offer price is 82 cents a share, slightly less than the pre-offer market price in Sydney of 85 cents. Moreover Winchcombe shares have recently sold as high as 91 cents.

In a letter to Winchcombe directors Mr. Ronald Brierley, the IEL chairman, said he was aware recent sales had been at prices above 82 cents but IEL firmly believed the price offer was a "very full and fair one."

Mr. Brierley said the IEL bid was actually worth 85 cents because Winchcombe shareholders could retain the interim dividend, which IEL expected would be increased from 2 cents a share to 3 cents.

In the 10 years IEL had held

shares in Winchcombe the price had never been above 65 cents until recently, and Mr. Brierley believed the price had been inflated by speculation of a bid and the "effect of the alleged recovery in the rural sector."

"Under normal circumstances, and in the absence of purely short-term speculative influences, the amount which shareholders could expect to receive for their shares on the open market would be considerably below our offer price," he added. IEL considered that the traditional pastoral agency business of Winchcombe would combine very suitably with the IEL Group, which has a web of shareholdings in various farming and grazing companies, the largest of which is 47 per cent of the Adelaide-based, Southern Farmers Holdings.

The bid would cost IEL A\$9.8m (U.S.\$11.2m) cash and values Winchcombe at A\$12.3m.

Sri Lanka
reopens door
to U.S. films

By Maryn de Silva in Sri Lanka

THE BIG American film companies are back in business here after a lapse of seven years.

On the grounds that it never sold distribution rights to state monopolies a consortium of Hollywood's seven majors refused to negotiate with the Sri Lanka Film Corporation. Established by the Bandaranaike Government, the corporation was sole importer and distributor of foreign films.

The present Government has not changed the law but has allowed two private companies, Ceylon Theatres and Liberty Cinema to purchase 66 films from the Bombay agent of the American companies.

The film corporation has endorsed the agreement on an undertaking that Rs 7m of blocked funds will be used by Kinematograph Renters Society of Bombay to expand the studios of the corporation. All the films have been sold on a percentage basis, averaging fifty-fifty of the box office takings. Recently, the Government raised all prices of cinema seats as cyclone relief measure.

Confidence in
Philippines by
new companies.

MANILA — The Philippine Securities and Exchange Commission reports that the paid-up capital of new corporations registered last year rose 22 per cent to \$153.7m from \$125.9m in 1977. Including paid-up capital of newly-registered partnerships, the total rose 16 per cent to \$166.7m from \$143.8m.

New investments approved in 1978 by the Philippine Board of Investments rose 88 per cent to \$226.2m from \$121.6m in 1977.

EOI approval is required for companies in which foreigners hold 30 per cent or more of the equity, AP-DJ

Big Wardley profit

BY ANTHONY ROWLEY IN HONG KONG

WARDLEY, the wholly-owned merchant banking subsidiary of the Hongkong and Shanghai Banking Corporation, announced net profits of HK\$47.1m (U.S.\$9.8m) — a 31 per cent increase over the 1977 figure of HK\$36m.

Wardley indicated that the dividend it is paying to its parent company—the HSBC—is HK\$30m against HK\$25m.

The subsidiary has become the largest merchant bank in Hong Kong since its launch in

1972 and total assets reached HK\$2,940m at the end of 1978 against HK\$870m a year previously.

Co-operation between the Chinese Gold and Silver Exchange and the Hong Kong Commodity Exchange is needed to inject new interest into the Colony's depressed silver market, according to Mr. Henry Jarecki, chairman of Moonta Metals Corporation, Hugh Peyman writes from Hong Kong.

New issue
January 25, 1979

All these notes and bonds having been sold, this announcement appears as a matter of record only.

KINGDOM OF DENMARK

DM 100,000,000 5% Notes due 1985

DM 100,000,000 6% Bonds due 1989

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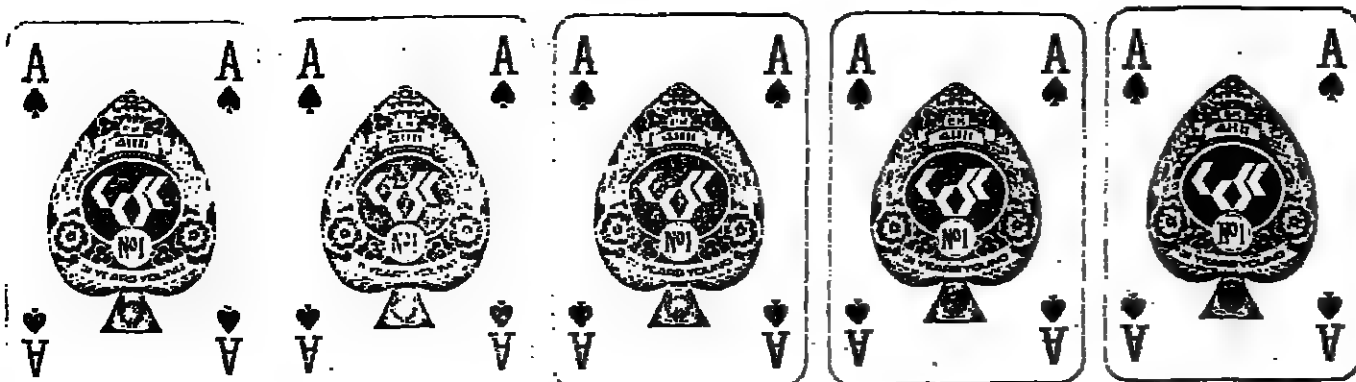
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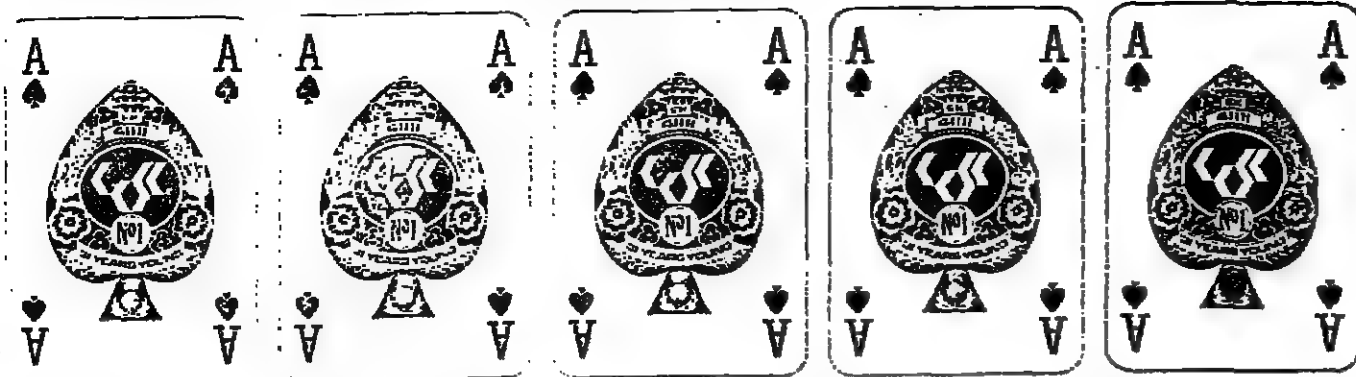
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Companies
and Markets

CURRENCIES, MONEY and GOLD

Pound static:
dollar weak

Conditions in yesterday's foreign exchange market remained rather quiet, and most currencies traded within a fairly narrow range. Sterling appeared to be remarkably stable in the light of present industrial unrest and its trade weighted index on Bank of England figures stayed at 63.2 for the whole day, unchanged from Tuesday.

Against the dollar it opened at \$1.9950 and eased on initial firmness of the dollar to \$1.9945. Demand increased during the early part of the afternoon and it touched \$2.0000 possibly with a little official help, and reached a high of \$2.0010. With the opening of New York, the dollar came on offer and demand for sterling increased.

PARIS—In fairly calm trading, the dollar lost ground against the French franc and was quoted near the close of business at Fr. 4.3225, compared with Fr. 4.3400 in the morning and Fr. 4.3480 late on Tuesday. The U.S. unit fell after the Swiss announcement lifting the ban on foreign investment in Switzerland and there appeared to be a substantial amount of support from European central banks.

The French franc was also helped by a 0.5 per cent increase in the retail price index, unchanged from November. Against the Swiss franc it closed at Fr. 2.6258 against SwFr 2.5300 in the morning and Fr. 2.5347 on Tuesday, while sterling finished at Fr. 3.4810 down from Fr. 3.4825 previously.

MILAN—After an easier start the dollar recovered at the fixing to L535.20 compared with L534.96 on Tuesday. The U.S. unit's improvement was helped by the Bank of Italy buying about \$10m of the \$165m trade of the fixing.

ZURICH—The dollar had shown very little up to mid-morning and was quoted at SwFr 1.6765, unchanged from earlier, and DM 1.8460 compared with DM 1.8450.

Trading appeared to be generally dull ahead of various U.S. economic figures due later this week. TOKYO—In moderate trading the dollar improved against the yen to close at ¥197.57 on Tuesday. Despite downward pressure on the U.S. unit, it appeared that a local shortage of dollar's had prevented any decline. It opened at ¥198.20 and dipped to ¥197.57 at one point before recovering towards the close. Trading in the spot market totalled \$452m, with forward trading at \$211m and swap dealings accounting for \$725m.

EXCHANGE CROSS RATES

Jan. 24	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Spanish Peseta	Portuguese Escudo
Pound Sterling	1.000	2.000	1.493	167.5	6.553	1.366	2.036	166.6	200.4	200.4
U.S. Dollar	0.500	1.000	0.497	83.7	3.277	0.683	1.018	83.3	100.2	100.2
Deutsche Mark	0.671	0.502	1.000	167.5	8.483	1.755	2.736	233.6	200.4	200.4
Japanese Yen	1.675	83.7	1.675	1.000	124.6	25.36	360.9	307.5	200.4	200.4
French Franc	1.549	0.305	0.119	0.078	1.000	0.193	0.163	1.366	100.0	100.0
Swiss Franc	1.366	0.683	0.233	1.755	5.193	1.000	1.366	136.6	100.0	100.0
Dutch Guilder	2.036	1.018	0.364	360.9	6.201	0.577	1.000	103.6	100.0	100.0
Italian Lira	166.6	83.3	4.348	307.5	136.6	7.263	166.6	1.000	100.0	100.0
Spanish Peseta	200.4	100.2	1.666	200.4	166.6	16.66	200.4	166.6	1.000	100.0
Portuguese Escudo	200.4	100.2	0.020	200.4	200.4	20.04	200.4	200.4	0.020	1.000

EURO-CURRENCY INTEREST RATES

Jan. 24	Starting	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	10 1/2-11	10-10 1/2	8 1/2-9 1/2	7 1/2-7 3/4	6 1/2-6 3/4	5 1/2-5 3/4	4 1/2-4 3/4	3 1/2-3 3/4	10 1/2-10 3/4	9 1/2-9 3/4
7 day notice	11 1/2-12	10 1/2-10 3/4	9 1/2-10	8 1/2-8 3/4	7 1/2-7 3/4	6 1/2-6 3/4	5 1/2-5 3/4	4 1/2-4 3/4	11 1/2-11 3/4	10 1/2-10 3/4
Month	12 1/2-13	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-9 3/4	8 1/2-8 3/4	7 1/2-7 3/4	6 1/2-6 3/4	5 1/2-5 3/4	12 1/2-12 3/4	11 1/2-11 3/4
Three months	13 1/2-14	12 1/2-12 3/4	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-9 3/4	8 1/2-8 3/4	7 1/2-7 3/4	6 1/2-6 3/4	13 1/2-13 3/4	12 1/2-12 3/4
Six months	14 1/2-15	13 1/2-13 3/4	12 1/2-12 3/4	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-9 3/4	8 1/2-8 3/4	7 1/2-7 3/4	14 1/2-14 3/4	13 1/2-13 3/4
One year	15 1/2-16	14 1/2-14 3/4	13 1/2-13 3/4	12 1/2-12 3/4	11 1/2-11 3/4	10 1/2-10 3/4	9 1/2-9 3/4	8 1/2-8 3/4	15 1/2-15 3/4	14 1/2-14 3/4

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.50-10.60 per cent; six months 11.20-11.30 per cent; one year 11.50-11.60 per cent.
Long-term Eurodollar deposits: one year 10 1/2-11 per cent; three years 10 1/2-11 per cent; five years 10 1/2-11 per cent; ten years 10 1/2-11 per cent.
Closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for gold and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Austrian bank rate cut

Austria's bank rate was cut by 1 per cent to 3 1/2 per cent yesterday, in line with predictions made by Finance Minister Hannes Androsch on Tuesday. He said that a reduction of 1 per cent or 1 1/2 per cent was possible, but that a cut of 1 1/2 per cent was a probable compromise.

Call money rose sharply in Amsterdam yesterday, after an equally sharp fall on Tuesday. The official rate for call money returned to 6 1/2 per cent, where it had been since last October, until falling to 3 1/2 per cent on Tuesday.

Call money in the interbank market was quoted at 7 1/2 per cent yesterday, compared with 3 1/2 per cent previously. Bank liquidity is generally tight in the early part of the year as tax payments fall due, but the fall to 3 1/2 per cent followed sizeable Government disbursements earlier this week.

FRANKFURT—Call money fell to 3.8-3.95 per cent from 3.9-4.1 per cent, while one-month money was quoted at 3.95-4.0 per cent, compared with 3.9-4.1 per cent. Three-month money was 4.15-4.2 per cent, compared with 4.1-4.2 per cent.

UK MONEY MARKET

Nervous trading

Bank of England Minimum Lending Rate 12 1/2 per cent (since November 9, 1978). Interest rates rose quite sharply in all but the very short periods in the London money market yesterday, as a result of continuing disquiet about Britain's industrial problems, and fears about a possible rise in Bank of England Minimum Lending Rate this week. The Treasury bill rate is expected to rise on Friday, but by the end of the day most dealers appeared to feel that M.L.R. will remain at 12 1/2 per cent today, and this was probably behind a slight easing

of rates towards the close. In the interbank market three-month money was 12 1/2-13 per cent, but rose to 13-13 1/2 per cent, but overnight money was rather easier. It opened at 11 1/2-11 3/4 per cent and touched 11-11 1/2 per cent, before easing to 6-6 1/2 per cent at the close.

With day-to-day money in short supply the Bank of England gave assistance on an exceptionally large scale by buying a large amount of Treasury bills from the discount houses, plus a moderate number of local

authority bills, and a small amount of eligible bank bills. The bank bills were purchased for resale to the market at an agreed future date. A very large excess of revenue payments to the Exchequer over Government disbursements was the only major factor against the market, but this outweighed a moderate surplus of bank balances, moderate net maturing Treasury bills, and a small cut in the note circulation.

Discount houses paid up to 1 1/2 per cent for secured call loans, and closing balances were taken at 7 1/2-8 per cent.

LONDON MONEY RATES

Jan. 24 1979	Starting	Interbank	Local Authority	Local Authority	Finance House	Company	Discount	Eligible	Eligible	Eligible
Overnight	11 1/2-12	11 1/2-12	11 1/2-12	11 1/2-12	11 1/2-12	11 1/2-12	11 1/2-12	11 1/2-12	11 1/2-12	11 1/2-12
2 days notice	12 1/2-13	12 1/2-13	12 1/2-13	12 1/2-13	12 1/2-13	12 1/2-13	12 1/2-13	12 1/2-13	12 1/2-13	12 1/2-13
7 days notice	13 1/2-14	13 1/2-14	13 1/2-14	13 1/2-14	13 1/2-14	13 1/2-14	13 1/2-14	13 1/2-14	13 1/2-14	13 1/2-14
One month	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15
Two months	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16
Three months	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17
Six months	17 1/2-18	17 1/2-18	17 1/2-18	17 1/2-18	17 1/2-18	17 1/2-18	17 1/2-18	17 1/2-18	17 1/2-18	17 1/2-18
Nine months	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19
One year	19 1/2-20	19 1/2-20	19 1/2-20	19 1/2-20	19 1/2-20	19 1/2-20	19 1/2-20	19 1/2-20	19 1/2-20	19 1/2-20
Two years	20 1/2-21	20 1/2-21	20 1/2-21	20 1/2-21	20 1/2-21	20 1/2-21	20 1/2-21	20 1/2-21	20 1/2-21	20 1/2-21

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12 1/2-13 per cent; four years 13 1/2-14 per cent; five years 14 1/2-15 per cent; six years 15 1/2-16 per cent; seven years 16 1/2-17 per cent; eight years 17 1/2-18 per cent; nine years 18 1/2-19 per cent; ten years 19 1/2-20 per cent. Approximate selling rates for discount Treasury bills 11 1/2-12 per cent; one-month Treasury bills 12 1/2-13 per cent; two-month Treasury bills 13 1/2-14 per cent; three-month Treasury bills 14 1/2-15 per cent; six-month Treasury bills 16 1/2-17 per cent; nine-month Treasury bills 18 1/2-19 per cent; one-year Treasury bills 19 1/2-20 per cent. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent; Treasury Bills: Average tender rates of discount 11.5000 per cent.

THE POUND SPOT

Jan. 24	Spot	Close	One month	Three months	Six months
U.S. \$	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950
Canadian \$	1.114-1.115	1.114-1.115	1.114-1.115	1.114-1.115	1.114-1.115
Deutsche Mark	0.497-0.498	0.497-0.498	0.497-0.498	0.497-0.498	0.497-0.498
French Franc	1.549-1.550	1.549-1.550	1.549-1.550	1.549-1.550	1.549-1.550
Japanese Yen	167.5-167.6	167.5-167.6	167.5-167.6	167.5-167.6	167.5-167.6
Swiss Franc	1.366-1.367	1.366-1.367	1.366-1.367	1.366-1.367	1.366-1.367
Dutch Guilder	2.036-2.037	2.036-2.037	2.036-2.037	2.036-2.037	2.036-2.037
Italian Lira	166.6-166.7	166.6-166.7	166.6-166.7	166.6-166.7	166.6-166.7
Spanish Peseta	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5
Portuguese Escudo	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5

THE POUND SPOT AND FORWARD

Jan. 24	Spot	Close	One month	Three months	Six months
U.S. \$	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950
Canadian \$	1.114-1.115	1.114-1.115	1.114-1.115	1.114-1.115	1.114-1.115
Deutsche Mark	0.497-0.498	0.497-0.498	0.497-0.498	0.497-0.498	0.497-0.498
French Franc	1.549-1.550	1.549-1.550	1.549-1.550	1.549-1.550	1.549-1.550
Japanese Yen	167.5-167.6	167.5-167.6	167.5-167.6	167.5-167.6	167.5-167.6
Swiss Franc	1.366-1.367	1.366-1.367	1.366-1.367	1.366-1.367	1.366-1.367
Dutch Guilder	2.036-2.037	2.036-2.037	2.036-2.037	2.036-2.037	2.036-2.037
Italian Lira	166.6-166.7	166.6-166.7	166.6-166.7	166.6-166.7	166.6-166.7
Spanish Peseta	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5
Portuguese Escudo	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5

CURRENCY RATES

Jan. 24	Spot	Close	One month	Three months	Six months
U.S. \$	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950	1.9945-1.9950
Canadian \$	1.114-1.115	1.114-1.115	1.114-1.115	1.114-1.115	1.114-1.115
Deutsche Mark	0.497-0.498	0.497-0.498	0.497-0.498	0.497-0.498	0.497-0.498
French Franc	1.549-1.550	1.549-1.550	1.549-1.550	1.549-1.550	1.549-1.550
Japanese Yen	167.5-167.6	167.5-167.6	167.5-167.6	167.5-167.6	167.5-167.6
Swiss Franc	1.366-1.367	1.366-1.367	1.366-1.367	1.366-1.367	1.366-1.367
Dutch Guilder	2.036-2.037	2.036-2.037	2.036-2.037	2.036-2.037	2.036-2.037
Italian Lira	166.6-166.7	166.6-166.7	166.6-166.7	166.6-166.7	166.6-166.7
Spanish Peseta	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5
Portuguese Escudo	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5	200.4-200.5

OTHER MARKETS

Jan. 24	Spot	1	3	6	Notes
British Pound	2.026-2.028	1033-1042	Sweden	96.47-97.8	
Belgian Dollar	1.757-1.758	0.9795-0.9798	Denmark	59-60	
U.S. Dollars	61.22-61.23	30.91-31.41	Germany	10.71-10.72	
French Franc	15.12-15.13	7.56-7.57	Italy	2.04-2.05	
German Mark	71.57-71.58	35.28-35.35	Japan	2.64-2.65	
Hong Kong Dollar	9.9225-9.9235	4.7650-4.7655	Netherlands	1.955-1.956	
Indian Rupee	15-16	7.03-7.04	Spain	2.00	
Japanese Yen	0.541-0.551	103.23-103.40	Switzerland	2.24-2.40	
Latin American	108-109	52.97-53.09	Morocco	33.33-33.34	
U.S. Dollars	108-109	52.97-53.09	Portugal	33.33-33.34	
U.S. Dollars	108-109	52.97-53.09	Spain	33.33-33.34	
U.S. Dollars	108-109	52.97-53.09	Switzerland	33.33-33.34	
U.S. Dollars	108-109	52.97-53.09	U.S. Dollars	33.33-33.34	
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FINANCIAL TIMES SURVEY

Thursday January 25 1979

مركز ابحاث

Austria

The Austrian economy is doing better than the world climate might lead one to expect. But budgetary, industrial and personal problems are building up for the Socialist Government and the Opposition is seizing on them in an election year.

Kreisky on trial

By W. L. Luetkens

AUSTRIA HAS embarked on an electoral campaign which may well end a decade of Socialist rule. But in spite of the noisy blash of the hustings it is all but certain that whatever else may alter, Austria's fundamental attitudes will not.

Consensus is too well established in Austrian life, and in particular in industrial relations, to be broken by a mere election. The social consensus, which has given the country labour relations almost as peaceful as those in neighbouring Switzerland, will survive. As in the past, the leading personalities of the labour movement and of the employers' side will quietly arrange matters to avoid confrontations.

Ask those in the know in Vienna and you will hear that the social contract may well come under strain: as a new generation takes over, but that in the foreseeable future it will not be broken. So far the contract, also known as social partnership or, somewhat wistfully, as the Austrian model, has served the country well. There is widespread agreement among Austrians that it is a main, if not the main, reason for the remarkable increase of their prosperity in the past 20 years. The statistics have been rehearsed often. GNP per head in U.S. dollars at current rates and prices has overtaken that of the European Community, and increased faster than that even of the Germans. In 1980 Austria was 81 per cent behind them, in 1977 only 24 per cent. Figures of that sort never can

be conclusive, but a cursory look at the thriving small towns and villages or at the shops in Vienna will prove the point that Austria is prospering.

Though there is a structural visible trade deficit, Austria is a successful exporter: merchandise exports amount to 20 per cent of GDP, as against 23 per cent in Germany. The tourist trade, an important balancing factor in external payments, has not suffered the severe setback forecast for 1978. But the country continues to depend on capital imports to balance its payments.

Inflation and unemployment, twin scourges of Western economies, are under control. The consumer price index which rose by 7.5 per cent in 1978, the bad year, moderated to 3½ per cent last year and 3 per cent is forecast for 1979. The unemployment rate has been creeping up, but the 2.4 per cent forecast for this year is likely to arouse envy elsewhere.

Policies

The main economic policies used to achieve these results are the maintenance of a firm exchange rate in the interests of holding down living costs, and with them wage claims; and free resort to deficit spending. Unless the rapid increase of the government debt can be arrested—it eventually will restrict the margin for manoeuvre.

Already the deficit is likely to cost the Socialist Government of Dr. Bruno Kreisky, the Chancellor, votes at the election due

on May 8. Austrians tend to believe strongly in financial rectitude and the deficit explosion has not been popular among middle-class voters.

Yet it is precisely among voters not traditionally dedicated to the Socialist Party that the Government must do well if it is to preserve its absolute majority in Parliament. The importance of these so-called "Kreisky voters" can be seen easily from the most recent public opinion poll. It showed that 49 per cent of the electorate preferred the Socialist Party—which under the proportional representation system would destroy the Socialists' absolute majority of 89 seats in a Parliament of 183 members. But 57 per cent wanted Dr. Kreisky as Chancellor, with the alternative choices really nowhere.

Dr. Kreisky clearly is the dominant political personality. But he turned 68 this year, potential successors in his party are jockeying for position, and there are signs that his touch is not what it used to be. For instance, on November 5 last year the electorate rejected his recommendation to support in a

referendum the commissioning of Austria's first nuclear power station.

The opposition believes that the vote would have gone the other way if Dr. Kreisky had not tried to make the issue one of confidence in himself. His hint that he might resign—suitably hedged about in Dr. Kreisky's usual way—may indeed have caused some supporters of the opposition parties not to back the nuclear plant.

Now the power station, at Zwentendorf, stands complete but uncommissioned, as AS 8bn (£300m) monument to muddle. There are those both in industry and in the trade unions who believe that a few more increases of the price of oil or a power cut or two will create a national mood in which another referendum could reverse last November's result. But Dr. Kreisky says he would caution against such a course. In his view the referendum did at least give young people, among whom anti-nuclear feeling is widespread, a feeling of confidence in the political process.

Dr. Kreisky's prestige also suffered when it was discovered that Dr. Hannes Androsch, his Minister of Finance and one-time chosen successor, was the co-proprietor of an accounting firm whose business had grown greatly while he was in office. Nobody suggested that Dr. Androsch was guilty of any impropriety, but the potential conflicts of interest were obvious.

Backing

The Chancellor was furious, but Dr. Androsch got by. It is an open secret that he has the backing of Herr Anton Benya, the seasoned leader of the trade union federation, who is regarded as the real kingmaker among the Socialists.

His reasons for backing Dr. Androsch are obscure, though the Finance Minister's ability is a point in his favour. But there seems to be a dislike between Herr Benya and the other contender for the Socialist leadership, Herr Leopold Gratz, Mayor of Vienna. Herr Gratz, in any case, blotted his copybook in October when his party lost some seats in the municipal

elections in Vienna, the classic Socialist stronghold. Yet in spite of Herr Benya's backing, Dr. Androsch, a technocrat rather than a man of socialist ideology, remains under a cloud.

As he did in the Zwentendorf affair, the Chancellor has again hinted that he may step down if the electorate robs the Socialists of their absolute majority on May 8. For his own person—but not necessarily his party—he appears to reject coalitions either with the People's Party, a classic Continental Christian Democratic grouping, or with the small Freedom Party, an amalgam of liberalism and non-clerical conservatism.

Unlike the Socialists, the People's Party has got over its leadership problems. Dr. Josef Taus, a member of the younger generation and one-time banker, is in charge, though problems may develop if he does not lead his party to a somewhat improbable absolute majority. If the Socialists lose theirs, but the People's Party also falls short of an absolute majority, pressures will develop to revert to the post-war pattern of a

KEY FIGURES OF THE ECONOMY

	1977 (ASbn)	*1978 (ASbn)	†1979 (ASbn)
Gross Domestic Product (current prices)	782.5	844.0	900.0
Exports broadly defined (current prices)	273.9	296.2	323.1
Imports broadly defined (current prices)	308.6	305.8	339.5
Real growth of GDP	% 5.7	% 7.5	% 3.0
Gross investment in plant and equipment (real)	6.4	-2.0	2.5
Consumer prices	5.5	3.5	3.0
Unemployment ratio	1.8	2.1	2.4

* Estimate, † Forecast.

Source: Wifo.

coalition embracing the two big parties.

As befits a banker, Dr. Taus has directed his main attack against the financial policies of the Kreisky Government. He promises to end the budget deficits by 1984 if a 4 per cent growth rate can be achieved (rather a large if). The tax quota, now close to 40 per cent of GNP, is to be cut and the civil service run down by 1 per cent a year. Moreover, he wants more reliance on interest policy as a means of encouraging investment rather than the present plethora of subsidies and incentives.

On the difficult question of the exchange rate Dr. Taus expresses himself cautiously. But he does criticise what he calls the application of a hard currency policy as the exclusive instrument for keeping prices stable.

All of that makes a good deal of economic sense—not least Dr. Taus's argument that taxes are too high. Austria always has had a tax system with many legitimate and some illegitimate short cuts. The fact that tax revenue has been growing less quickly than GNP—even at a time when taxation was being made more stringent—supports the view that taxpayers are making increasing use of these opportunities.

The Taus programme should also have popular appeal. But the Socialists have the undoubted prosperity of the country on their side, however big the problems of the future may be. The notorious caution of the electorate also will work for them, as will the still-potent appeal of Dr. Kreisky. Whether that will be enough only May 8—and the subsequent infighting—can show.

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They share a bank, Creditanstalt.
Creditanstalt has been helping Austrian business grow, at home and abroad, since 1855.
We've grown a bit ourselves, too.
We are the country's leading bank, with Group assets of A.S.156 billion (\$10.3 billion).
We supply about 25% of the total volume of credits to Austrian industry.
We provide over one third of Austria's export credit facilities.
In 1977, we guaranteed over 20% of domestic new bond issues.
From this powerful home base, and successful experience with domestic exporters, we've built up a whole range of sophisticated international

services—foreign exchange and Euromoney dealings, export finance and Eurocurrency loans, project financing, package deals and, of course, the traditional international banking services.

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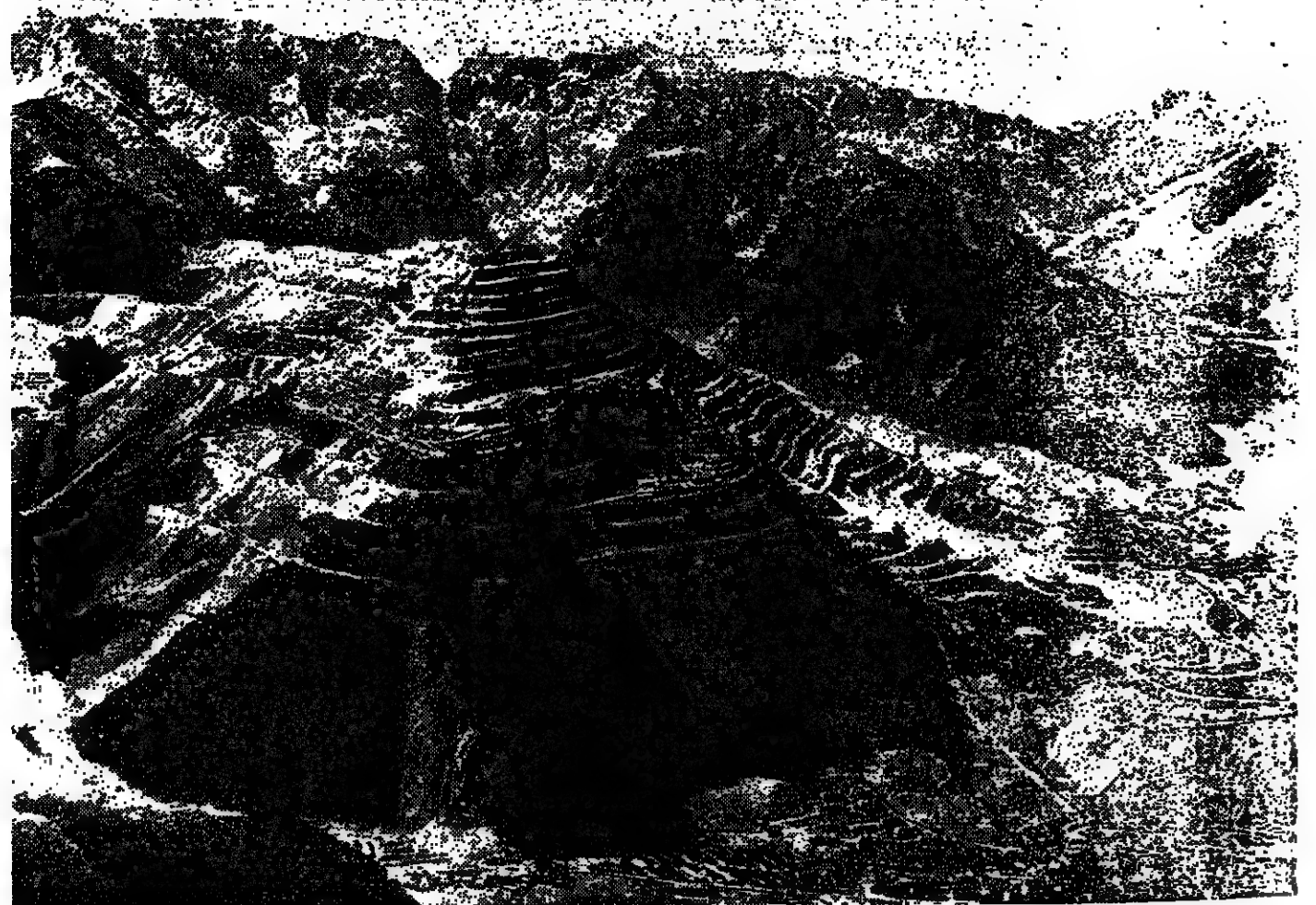
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AUSTRIA II



Erzberg, the iron ore mountain, in Styria, which still supplies part of the ore used by the Austrian steel industry.

Economy on the high wire

THE AUSTRIAN economy has entered an election year in far better fettle than anyone had dared to hope for 12 months ago. But though the problems look less daunting, they have not gone away. External payments and, above all, the budget deficit could quickly become bothersome again.

The overall line of economic policy—both fiscal and monetary—has been summarised by Dr. Hannes Androsch, Minister of Finance, who said at the time of his budget last October that it was his strategy to proceed in a globally restrictive but sectorally expansive way. Whether he will admit it or not, he has set a task close to that of squaring the circle. And whether the opposition will admit it or not, results so far make it look as though some success has been achieved in this seemingly impossible task.

The outstanding facts of 1978 (taken from the year-end calculations and estimates of Wifo, one of the two main Austrian economic research institutes) are: GNP grew by 1.1 per cent, exports by 6 per cent, both in real terms. The inflation rate, as measured by the consumer price index, was reduced to 3.1 per cent from 5.1 per cent in 1977, while the unemployment ratio rose marginally from 1.8 per cent in 1977 to 2.1 per cent in 1978.

In the monetary field the chief instrument of the seemingly contradictory policy of expansion and restriction is a limit upon the amount by which financial institutions may increase their credit volume. Consumer loans must not increase by more than 0.55 per cent monthly. Loans to business on the other hand may rise by 1.3 per cent since the beginning of this year. Whether they will do so is another question: the limit of 1.1 per cent in force during 1978 was not in fact reached. It remains to be seen whether demand picks up during 1979. Judging by what is known of investment intentions in industry, it may not.

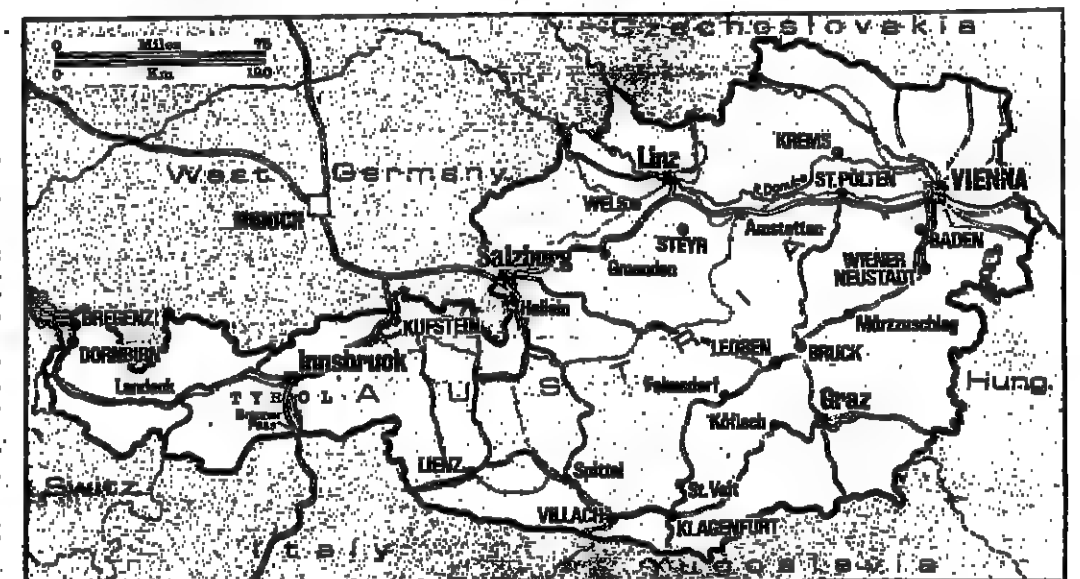
Increase

In the budgetary field, the main event of the recent past was a hefty increase of added value tax at the end of 1977 to a standard rate of 18 per cent and a so-called luxury rate of 30 per cent. The latter was a thinly-disguised measure of import restriction, aimed especially at cars. At the same time a number of administered prices, such as fares and postal rates, were increased heavily. On the other hand, at the beginning of 1979 income tax cuts totalling about AS 3bn (about £107m) took effect. Interest rates will come down this year and plans have been announced to cut out the so-called investment tax at a cost of about AS 2bn on this year.

The investment tax is an anachronism: it was introduced as a temporary measure during the boom of the early 1970s; given the changed circumstances it is being phased out a year earlier than intended. Its abolition is the biggest item in a AS 8.7bn boost that the Government intends to give the economy this year. The remainder AS 1.7bn will come mainly in the form of investment grants and loans and the subsidisation of interest rates for approved investment projects. The programme is to run for more than a year: the target altogether is AS 8.3bn over a five-year period. It is not the first programme of its kind. Since the recession of 1975, the Socialist Government has relied upon deficit spending and investment incentives to maintain full employment and also to achieve a restructuring of industry. Its success with the first objective is undeniable. It is rather more difficult to know how much progress is being made with reshaping Austrian industry in a manner calculated to increase competitiveness in world markets and to reduce dependence on imports.

There are some encouraging signs, especially the fact that during 1978 Austria increased its market share in intra-OECD exports, making progress above all in Germany, its biggest market. But investment intentions in industry are stagnating and, in real terms, investment in industry may contract during 1979. The latter assertion is based on inquiries admittedly made before the latest expansionary measures were announced. But experience has shown that investment incentives are not by themselves enough.

What is more promising is that profit margins in exports may be relieved of the pressure that they have been under in 1978. Wifo in its prognoses for 1979 foresees no real increase of investment in industry, though it does say that the corner may have been turned.



Exports overall increased from AS 119bn in the first nine months of 1977 to AS 127bn in Jan.-Sept. 1978, and the share of EEC and EFTA countries in those totals rose from 63 per cent to 65 per cent. What makes that undoubted success all the more remarkable is that it was achieved with a strong currency. Though the link that had been maintained with the Deutsche Mark was severed when the Germans devalued in October, export weighted the Austrian Schilling appreciated by about 1 per cent during 1978 (as against 8.5 per cent in 1977).

The hard Schilling is, in fact, a central part of the social contract, Austrian-style. The trade unions have supported a hard currency policy in the interests of keeping down living costs in return they have kept wage demands moderate. Last year wages advanced by 4.4 per cent, and this year's wage round looks like having much the same result. Nevertheless, the 1 per cent devaluation of the Schilling vis-à-vis the D-Mark in October was a landmark and one that Austrian exporters were glad to reach. It is improbable that if the D-Mark should appreciate once more in the foreseeable future, the Schilling will follow all the way. The exchange rate has been firmly managed in Vienna in a manner which made Austria something of an unofficial member of the so-called snake. Once the European Monetary System comes about, Austria will choose a similar quasi-membership.

There is, of course, more than the exchange rate to the Austrian social contract which has given the country an almost complete freedom from strikes. The chief element is the extreme reluctance of employers to resort to sackings. Labour has very nearly become part of their fixed costs—a high price to pay for peace, though what they get for that price is of high quality. Dismissals and closures are not unknown, of course. The trade union federation indeed takes the view that the right to a job which it insists upon is not

synonymous with a right to be kept on in a specific job. So far the drift into service industries has proved the safety valve, allowing industry to shed about 50,000 people in recent years without producing a great pool of unemployed. In fairness one has to add that a steady reduction of migrant labour has also helped. From a peak of 250,000 employed in industry and services (and not counting those present illegally), the number of migrants has fallen to about 180,000 and the trend is continuing. If those 70,000 foreigners had not been sent home, Austria would now have not 60,000 but 130,000 unemployed.

Moreover, the safety valve represented by the service industries may now be closing. There are limits to the absorptive capacity of the tourist trade, and central and local governments are running out of money so that the public service should cease to grow.

Like the reduced ability of the service sector to absorb extra labour, the financial stringency raises serious questions for the future. Since the end of the cheap oil era, Austria no longer has been able to alternate between periods of deficit spending and boom times of budget surpluses: the booms have failed to materialise.

For 1979 Dr. Androsch expects a deficit of AS 49bn or AS 31bn net of debt redemption. There are strong reasons for tolerating it, not least because some of the biggest amounts are going into the investment spending of the railways and the post office. Yet an increase of the federal debt from AS 47bn in 1978 to AS 198bn in 1979 must be a matter of concern. Moreover, the increase of the foreign debt (included in the figures above) from AS 14bn to AS 58bn since 1970, raises doubts about the payments position.

Dr. Josef Taus, leader of the Opposition, scornfully says that the Government is running affairs on borrowed money. Externally, however, things have looked up since 1977. A very bad year. Then external payments were balanced to borrowing ASch 32bn and running down the reserves by another AS 7bn. Wifo's calculation for 1978 is borrowings of AS 20bn and an increase of reserves by AS 9bn.

In the end one is left with the impression of a brilliant high-wire act. One end of the wire is held up by the soundness of the German economy, what holds up the other end is Austria's secret. The social contract is a most important part of that secret—but not all of it.

W. L. Luetkens

THE BALANCE OF PAYMENTS

	1976	1977	*1978	†1979
Visible trade	-32.5	-71.2	-55.0	-64.1
Services	26.5	23.6	36.1	31.2
Transfer payments	-0.4	-1.5	-1.0	-0.5
Current account	-6.4	-49.2	-20.9	-33.4
Capital account	13.0	21.9	19.5	18.4
Errors and omissions	10.1	20.3	15.0	15.0
Reserve changes	-3.3	-7.0	9.0	NH

* Estimate. † Forecast. ‡ This position appears to be service-related and properly belongs to the current account.

On this page PAUL LENDVAL, our Vienna Correspondent, profiles six leading Austrian politicians: the Federal Chancellor, his partners, his opponents, his possible successors.

Who's who in Austrian politics



Dr. Bruno Kreisky

Bruno Kreisky

DR. BRUNO KREISKY, 68, Austria's Federal Chancellor, has been longer in office than any of his predecessors since the break-up of the Austro-Hungarian monarchy. Yet, according to the latest opinion poll, he is still by far the most popular Austrian politician with 67 per cent of those asked voting for him as the next Chancellor rather than for his main opponent, the leader of the People's Party.

Under his leadership since February 1987, the Socialists have won three general elections: in 1970, 1971 and 1975, the last two with an absolute majority. Ever since he was sworn in as Federal Chancellor in April 1970, this son of bourgeois Jewish family from Moravia has dominated Austrian politics. Slow and deliberate of speech, rooted in Austrian tradition, he has provided a

father figure for a country where age still commands respect.

As Secretary of State for Foreign Affairs and subsequently Foreign Minister between 1953 and 1968, Dr. Kreisky quickly established a steadily growing international reputation as pathmaker of détente in Central Europe. But at the same time, he has always been an uncompromising adversary of Communism. A life-long Social Democrat, he spent almost two years in prison under the Austro-Fascist and subsequent Nazi dictatorships, before managing to escape to Sweden where he spent in all almost 13 years.

All along, Dr. Kreisky has been more popular than his party. Before 1970 the Socialists could capture only between 42 and 44 per cent of the popular vote. It was his new-style politics including a dialogue with the Church—something new among Austrian Socialists—an opening towards the (largely anti-Socialist) Press and the winning of the confidence of substantial portions of the middle class which paved the way to a decade of social democratic government elected by one of Europe's most conservative electorates.

In 1974, Dr. Kreisky withstood the pressure of his power-hungry colleagues and refused to stand as presidential candidate. Instead he practically forced his party to accept the nomination of his erstwhile chief of Cabinet and later foreign minister, the non-party Catholic diplomat, Dr. Rudolf Kirchschläger who subsequently became federal president.

So even if the Socialists were to lose their absolute majority at the elections next May, there is no question of Dr. Kreisky leaving the political scene. He is not going to be Chancellor of a so-called Great Coalition with the People's Party. But he left all other options open and remains until 1990 as chairman of the Socialist Party.



Dr. Josef Taus

Josef Taus

THE LEADER of the main Austrian opposition party, Dr. Josef Taus, who may become the next Federal Chancellor, is the only top Austrian politician since the 1890-45 war with a predominantly non-political career. At 46, he has two very unusual characteristics: first, he was one of Austria's top bankers

who at the age of 35 took over as Director-General of Girozentrale, the umbrella institute of the Austrian savings banks. Within seven years Girozentrale became the second-largest Austrian credit institution with the highest growth rates in its balance sheet among all major Austrian banks.

Second, Dr. Taus is perhaps the only Austrian politician who has lost rather than profited from attaining political power. As chairman of the People's Party, he earns just over one-third of what he used to take home as Director-General of Girozentrale and member of two dozen supervisory boards of Austrian companies.

Yet the man who after the sudden death of Dr. Karl Schleizer in a car accident in July, 1975, became People's Party chairman in many ways more "Left" than quite a few of the socialist dignitaries. It was under the influence of Dr. Karl Kummer, one of the few People's Party MPs after the war who were deeply committed to the Christian Social ideas with a distinctly anti-capitalist edge that the young Taus became interested in politics.

Coming from a poor family from Lower Austria (his father began to work in Vienna as a butcher's apprentice), the young man had to finance his university studies through a variety of jobs, ranging from road labourer to a spell as a

cashier in a gambling casino in Velden.

After a spell at the Institute for Economic Research, Dr. Taus joined the Girozentrale in 1955 and soon afterwards became a ghost-writer and adviser to the Finance Minister, Dr. Josef Klaus, who in 1964 took over as Chancellor and two years later captured for the People's Party the absolute majority at the general elections. Dr. Taus was promoted to become the youngest member of his Cabinet as Secretary of State. Within a year, he moved to the chairmanship of the newly set up holding company for the nationalised industries and joined the board of Girozentrale.

After his brilliant banking career, Dr. Taus at 42 became a professional politician, only to lose the elections two months later in October 1975 when Dr. Kreisky captured an absolute majority for the Socialists for the second time. But those who quickly wrote off the initially shy and introverted intellectual as a failure were mistaken.

Dr. Taus—who in contrast to some of his political opponents still lives in a modest semi-detached house—is firmly in control of his party and party machine.

Those who know him are convinced that he would be a success as Chancellor at the Ballhausplatz. His problem is how to get there.



Dr. Hannes Androsch

Hannes Androsch

SOME AUSTRIAN commentators are convinced that the country's next Chancellor will be Dr. Hannes Androsch, currently Vice-Chancellor and Finance Minister, who has belonged to the Kreisky-Cabinet without interruption since April 1970. At the time, the chartered accountant and secretary of the Socialist parliamentary group was almost unknown in Austrian politics. He had become a member of parliament only in 1968 and Dr. Kreisky took a calculated risk in appointing the youngest Finance Minister in Austrian history.

He went even further and helped to promote Dr. Androsch to become one of the deputy chairmen of the Socialist Party and at the end of September to the post of Vice-Chancellor.

However, the two men, despite the somewhat alienated when Dr. Androsch made a bid two years ago to become president of his central bank.

Last summer, opposition attacks against Dr. Androsch drew public attention to the potential conflicts of interests between his public functions and his private business interests.

Together with his wife, Dr. Androsch controls 75 per cent of the equity of one of the country's largest chartered accountants, Consulto, with a reported turnover of AS 16m (£800,000) in 1977. After heated public controversies, his holding will be taken over by trustees. He lives in a large house which, according to his own figures, cost in all about £500,000.

The able and tough accountant managed to survive the attacks and the equivocal attitude of the Chancellor due to the support of the powerful traditionalist trade union chief, Herr Anton Benya. But Dr. Androsch has no power base of his own and being a favourite of his union chief, who is also president of the federal parliament, may in the end harm rather than help his chances of ever becoming Chancellor.



Herr Leopold Gratz

Leopold Gratz

THE BY FAR most successful Socialist vote-getter in Austria after the Chancellor is Herr Leopold Gratz, 49, Mayor of Vienna. A textbook case of "how to succeed without really trying," Herr Gratz is one of the few all-round and outstanding political talents the second republic has produced.

Despite the setbacks suffered at last November's municipal elections in Vienna with the Socialists capturing "only" 57.2 per cent of the popular vote, the Mayor is the second most popular Austrian politician, according to a recent poll.

In addition to being Mayor, he is also head of the strongest Socialist party organisation with over quarter of a million re-

gistered members, accounting for one third of the national membership. So Herr Gratz has an independent power base which may well count more than the personal sympathies in the succession battle of the powerful trade union leader Herr Anton Benya if and when Dr. Kreisky leaves the political scene. Herr Gratz is not only good-looking and eminently likeable, but also a consummate parliamentarian. With the impeccable credentials of a proletarian Viennese descent, this erstwhile Socialist Youth leader, central secretary of the party, Minister of Education in Dr. Kreisky's first Cabinet and, finally, leader of the Socialist Parliament group, is unlikely to spend the rest of his life as Mayor of Vienna.

His candidacy at the general elections is a signal that Herr Gratz, whom the Viennese like to call by his nickname, Poldi, is still a serious candidate for the succession. Though his critics complain that Herr Gratz lacks push, stamina and toughness, he is undoubtedly the frontrunner as far as the sympathies of the party activists, women voters, and youth is concerned.

Erhard Busek

IT WAS the collapse of the Reichsbank, one of Vienna's principal bridges, in August 1976, which, paradoxically, forced not the Socialist mayor, Herr Leopold Gratz, but the People's Party leader in Vienna to resign and to be replaced by Dr. Erhard Busek—at 36 a complete newcomer to municipal politics.

It was the result of the accumulated resentment of the People's Party activists and the non-Socialist Press against the poor leadership of the main opposition party in the municipality which time and again had failed to exploit issues of corruption and other scandals in the capital.

In just over two years, Vienna-born Dr. Busek has managed to tap and mobilise the anti-Socialist political reservoir of the upper and middle-class Viennese, who in the past simply did not bother to go to the polls.

At the October municipal elections he gained four seats and again Dr. Kreisky, the Chancellor, declared publicly "Busek is the real winner," although the Socialists remained firmly in control of the city senate.

Ever since he graduated from the faculty of law, this quick-witted and highly-ambitious intellectual has been a professional politician. Five years as secretary of the People's Party parliamentary group were followed by a further five years as secretary-general of the Wirtschaftsbund, one of the three



Dr. Erhard Busek

leagues constituting the People's Party and representing the business community.

Dr. Busek's selection as secretary-general of the party in the summer of 1975, when he was still only 34 years old, was one of the main conditions Dr. Josef Taus set before agreeing to take over as party chairman. Despite his highly-successful operations in municipal politics, Dr. Busek also has been acting as principal party spokesman on culture and science. In view of his flair for public relations, and good contacts with the mass media, the Socialists secretly regard Dr. Busek as perhaps their most dangerous adversary in the future.

Alexander Goetz

LESS THAN a year ago Herr Friedrich Peter, for 20 years chairman of the Freedom Party, the third force in Austria's parliament, was replaced by the younger Dr. Alexander Goetz, the Mayor of Graz, Austria's second largest city. Like his predecessor, Dr. Goetz also has a "brown"—that is Nazi—past. As a Hitler youth leader, the 17-year-old school-boy was kept in jail 14 months by the British occupation authorities. But in contrast to Herr Peter, who despite his wartime record has become a genuine liberal, Dr. Goetz cultivates a political style recalling the ill-fated 1930s and which is out of tune with the Austrian politics of social consensus and political fairness. Worse still for his party, the new chairman alienated potential voters in Vienna by saying the railway station here was his "favourite spot" because from it he could leave to return to his native city. He has refused to give up his mayoralty in Graz, expressing a lack of confidence in his future on the national political stage.



Dr. Alexander Goetz

Though the spectre of a "Taus-Goetz" small coalition is bound to be the favourite Socialist propaganda slogan, it is unlikely (though not impossible) that this Right-wing politician from the provinces will be the vice-chancellor in the next Austrian Government.

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THE STATE owns five of the nine largest Austrian concerns. In a sixth it has a large minority position. Of the remaining three, two belong to the industrial group of Austria's largest bank which, in its turn, is under the majority control of the state.

Given that Austria has a Socialist Government, that might add up to a socialist economy. In practice it does not: the State-owned concerns are not "nationalised" in the British sense, and are expected to comport themselves like members of the private sector. That, at least, is the theory.

In practice they can probably expect more support from the public purse in one form or another than do fully private businesses. But the reason is their size at least as much as their ownership.

Early the largest State-owned concern is Voest-Alpine, a steel and engineering group with turnover of about AS 45bn (about £1.8bn) in 1978. It has been operating at a loss for years, having been hit especially hard by the world steel crisis.

The world really became aware of Voest when the LD process of steel making conquered the industry in the 1950s and 1960s. Voest held the patents, and though they have expired in the meantime, LD know-how still is a source of income for the company.

The main Voest steel works at Linz owes its existence to the autarkic ambitions of Nazi Germany. Low grade iron ore was available in the region, which has to a great extent been superseded by Brazilian ore. The ore is shipped to Yugoslavia, then taken to the Danube by rail and transhipped again onto barges that take it upstream to Linz.

Since there is no metallurgical coal in Austria, the Linz site is hardly ideal for a present-day steel works, even though it is well placed in relation to

Austrian markets and those in south eastern West Germany and in north eastern Italy.

So much has been recognised by the Voest management. Last year it closed all of its open hearth furnaces and some LD capacity as well, in all 10 tons of a theoretical capacity of 5m tons of crude steel a year.

Herr Herbert Aislauer, the chief executive, in a recent lecture, said that western European steel-makers could hope to survive only if they shut down uncompetitive capacities without hoping to re-open them in a future phase of expansion.

Voest is banking on engineering for its future. In 1978, steel accounted for 86 per cent of its turnover, last year that share was 69 per cent, while industrial plant machinery, and contracting accounted for 35 per cent.

Much more remains to be done, especially in the deeply troubled special steels sector of Voest-Alpine. But the shift into further processing and the reduction of manpower from 84,000 in 1974 to fewer than 79,000 evidently represents a contribution to the restructuring of Austrian industry that has been frequently invoked since the mid-1970s. What was meant was a lessened dependence on textiles and other classic consumer goods, and upon steel, with more attention to higher value products.

Contributions

In particular, there was much discussion of the heavy contribution of car imports to Austria's traditional merchandise deficit. Austria had, in the past, had a motor industry of its own, which still survives on a small scale as the licensee of Fiat.

A number of proposals of varying degrees of realism were put forward. The survivors include production, firmly decided upon, of a cross country

vehicle to challenge the Land Rover, and the chance of a Ford branch plant at Aspern, in Lower Austria. Besides, there have been contacts this month with a view to setting up a General Motors branch plant.

The cross country vehicle is to be built by Steyr, part of the concern of Creditanstalt-Bankverein (CAB), in co-operation with Daimler-Benz of West Germany. The Germans are to supply the engine and, most important, the sales and service network.

In the case of Ford, what is hoped for is a factory to make up to 1,000 cars a day. Engines and gear boxes would be imported, but local content would still be about 40 per cent. The Austrian authorities are willing to "pay" for this plant in the form of subsidised loans or grants, knowing full well that such has become the widespread practice in the motor industry.

Clearly both of these projects have a potential for increasing exports or for replacing imports. How fundamental an improvement of the structure of Austrian industry they would represent in addition to providing jobs must remain debatable.

But then it will always be difficult to measure the structural quality of a country's industry. What counts is success. None the less, an attempt to gauge Austrian progress in this field was published this month by Professor Anton Kausel.

His studies as a statistician are recognised in Vienna, even though the study is not uncontroversial. He has tried to bring up to date an earlier work published in Germany which attempted to rank countries according to their export-import ratio with goods requiring a high measure of research. These include chemicals (without heavy products), electrical engineering, machinery and others. By this criterion, Austria advanced from the 12th to 10th position in the OECD between 1963 and 1974.

Prof. Kausel argues that the competitiveness of Austrian industry overall must have continued to improve since 1970. By last year, he says, 64 per cent of Austria's chemical imports (again without heavy products) were covered by similar exports, as against 46 per cent in 1970.

In the case of machines and electronic products, the degree of cover increased from 76 per cent in 1970 to about 85 per cent last year.

The deficiencies of this method are palpable. Electronics, for instance, can mean anything from common-or-garden wireless receivers, which are made in Austria, to large computers, which are not. Yet even critics of Austrian economic policy agree that Austrian industry has been adapting to a changing world.

Nowhere is this more apparent than in the mechanical engineering sector, where a mass of small to medium-sized businesses seem to be flourishing despite the uncertain world outlook, and in spite of the difficulties presented by the high exchange rate of the Austrian Schilling.

A prize example is GFM, a company with 1,000 people on the books, which began making simple tools after the war. Now it claims that 60 per cent of the axes in service on the world's railways were made on machines that it has supplied. In a more advanced field, GFM says that 40 per cent of the blanks from which the blades of jet engines are made in the non-Communist world were produced on GFM machines.

The company has founded an affiliate in Virginia to supply the U.S. motor industry with novel forging and milling machinery to make crankshafts. GFM's method is supposed to require less energy than the traditional process and to give the finer tolerances which the Americans will need as they switch to smaller and more economical engines.

W.L.L.

Co-operatives aid farmers' power

THOUGH 1978 was by all accounts a good year for Austrian farming, the reduction of state subsidies for the support of dairy product prices and the sharing of the costs of subsidised exports have produced much-publicised clashes between the Socialist Government and its Minister of Agriculture, Mr. Guenther Haiden, on the one hand and the representatives of the farmers' lobbies on the other.

In 1978 subsidies in the dairy sector will be halved and those for bread grain will be completely slashed. With the growing affluence in the country, consumers will have to pay higher retail prices for dairy and bakery products. Prices for milk, butter and other dairy products were raised by 5.1 per cent on January 1 this year.

The harvest last year was roughly as good as the record level reached in 1976 and the Institute for Economic Research concluded in its autumn report that in a "normal year" domestic agriculture is capable of fully satisfying domestic demand for cereals. On the whole, the 180,000 farms and the 382,000 people employed in agriculture and forestry provide for 84 per cent self-sufficiency in the farming sector.

Yet spokesmen of the Farmers' League (one of the three constituent organisations of the main opposition People's Party) which also dominates the Chamber of Agriculture, complain about the fall in the incomes of the farmers and their families. While the so-called "Green Report" of the Government claims a 34 per cent rise in real incomes of farmers, the Farmers' League maintains that in view of inflation real earnings in 1977 per family were actually down by 3.5 per cent on 1976. No final figures are yet available for 1978.

It is also pointed out that the contribution of farming and forestry fell from 5.1 per cent to 4.9 per cent of the GNP between 1976 and 1977, as against 7 per cent in 1970. More important still, the agricultural trade deficit more than doubled between 1970-77. However, due to a 20 per cent jump in farm exports and a 3 per cent drop in the import bill during the January-September period, the deficit is estimated to have dropped by at least AS 1.5bn. But this was clearly due primarily to seasonal factors and the farmers are pressing for measures such as the introduction of an EEC-type levy on imports.

They claim that AS 5bn-worth of farm imports pose a threat to 30,000 jobs in the agricultural sector. State subsidised projects for a large-scale venture in producing vegetable and seed oil (currently imports cover over 90 per cent of demand) are also urged. However, there are extreme differences between the

situation in mountainous and low-lying areas even within the same regions. The figures on about 13 per cent of the farms struggling below "poverty level" may be statistically right. But it was the President of the Farmers' League himself, Mr. Roland Minkowitsch who recently related a conversation with a farmer's wife who had been complaining about the difficult economic situation. When the President expressed sympathy and spoke of poverty the peasant woman abruptly snapped that it was completely wrong to regard her family as being poor. One cannot speak really of poverty, either here or in other cases, she added. Clearly the term "poverty level" means different things to different people in a country characterised by relatively high average incomes.

Regardless of the relative decline the comparative importance of agriculture, it would be unwise to underestimate the political, economic and, last but not least, financial power of the farmers. Politically, the spokesmen of the farmers' lobby occupy such an important position as those of Deputy Speaker of the federal parliament, Secretary General of the opposition People's Party and one in three People's Party MPs belong to the Farmers' League.

Shrewd

But few Austrians know that the most powerful figure behind the scenes is not one of the political operators, but a quiet and shrewd banker, Dr. Hellmut Klaus who after the war began his career as a humble employee of the Ministry of Justice, yet at the age of just over 40 became the Director General of the Head Institute of the farmers' co-operatives called Genossenschaftliche Zentralbank. While the name of Dr. Klaus is not exactly a household name, almost every Austrian has heard of the Raiffeisenkassen. There are 3,800 Raiffeisen co-operatives (named after the German founder of the Christian-Social Co-operative movement in the last century) operating in Austria. The first raiffeisenkasse, a savings and credit outfit, was founded in 1868 in Altheudorf bei Spitz and just before the turn of the century a federation of the Raiffeisen co-operatives was set up.

Today, there are some 3,800 such co-operatives employing a total labour force of 27,000. With some 1.6m members, they include not only the credit co-operatives, but also 50 different kinds of groups ranging from dairy products and wine to orchards and cattle breeding.

The umbrella institute of the credit sector, Genossenschaft-

liche Zentralbank (GZB) has operated under this name for over 50 years and was originally founded as a clearing centre of the co-operatives. Today with a balance-sheet of AS 62bn GZB is the fourth largest joint stock bank with the largest number of outlets in the country. It runs about 1,300 independent branches with some 1,000 additional outlets. The regional federations of the Raiffeisen co-operatives, two central trade co-operatives and eight regional mortgage banks are the institutional shareholders.

Dr. Klaus, who began his career in this sector only in 1957, became deputy secretary-general of the Raiffeisen Federation and in 1964 joined the board of GZB. Under his leadership, GZB and the Raiffeisen sector increased their share of the aggregate savings deposits from 19 per cent to 23 per cent between 1967 and 1978 and from 18 per cent to 20 per cent in terms of total deposits. At the end of October, 1978, the farmers' credit co-operatives accounted for 17 per cent of the outstanding loans total.

In addition to its rapid expansion in Austria, GZB has become involved in foreign business through its links with the London-Continental Bankers Ltd. and the Bank Europäischer Genossenschaftsbanken in Zurich. It is one of the co-founders of a representative office in Hong Kong. GZB took over a small private bank, Kathrein and Co., in 1974 and recently acquired a major holding in Austria's most prestigious family bank, Schoeller. Under the new arrangement, GZB has acquired an estimated cost of AS 150m 30 per cent of a holding company which in turn has a 90 per cent interest in the bank and 25 per cent in the industrial holding of the group.

The involvement of the GZB in Schoeller means also a further concentration in the sugar and flour mill sector with the Raiffeisen group practically enjoying a monopoly position. The influence of Dr. Klaus was further enhanced last year, when he was elected as executive chief of the entire Raiffeisen Federation. Yet the 50 year old graduate of the University of Law in Vienna is not a power-hungry type, but a man with a social conscience, who just like his partner in the farmers' organisations and his opposite numbers in the business community and the unions, is profoundly convinced of the need for finding a mutually acceptable accommodation between interest groups. This, however, does not change the fact that the credit co-operatives and the entire Raiffeisen sector belong to dynamic and extremely powerful force in Austrian political and financial life.

Paul Lendvai

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¹⁾ Converted at Ash 13.3675 per US \$

²⁾ Figures before auditing

³⁾ Fall in net profits due to corporate tax increase of 100% in 1978 for savings banks.

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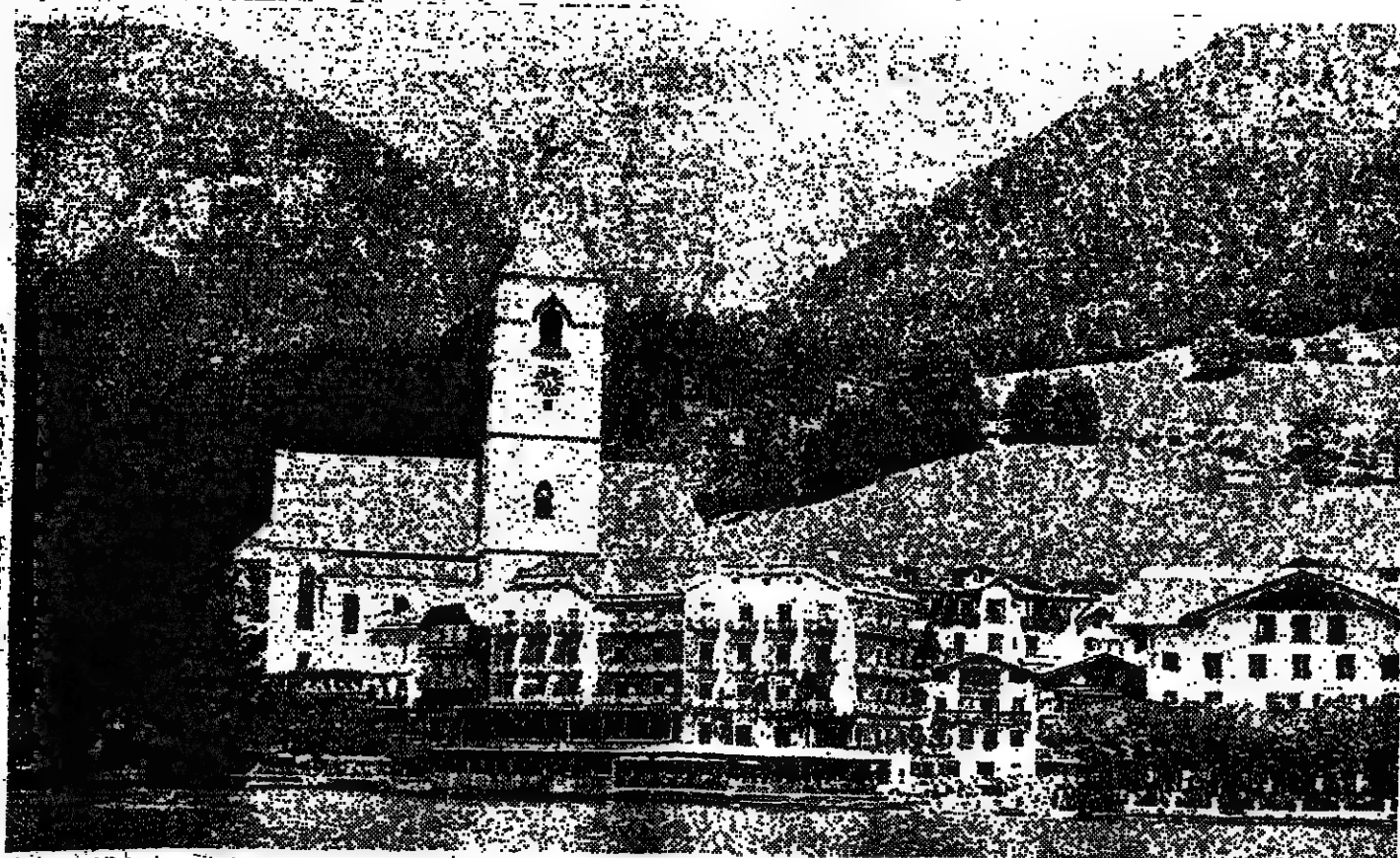
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Subsidies for tourism

THE PRE-ELECTION investment promotion programme, just presented by the Socialist government, lists as one of the priority tasks assistance for the tourist industry. It is described as a branch which even in the period of recession has not been affected by crisis. The measures include an increase of special credits by AS 80m, a subsidy of

AS 50m for modernising and improving cablecars, an additional AS 20m in the form of interest subsidies for improving quality in lower-class hotels and guest houses as well as funds to the tune of AS 10m for promoting incoming tourism by establishing tour operator firms.

These and previous measures, involving the provision of

federal credits at a preferential interest rate, should indicate that the Government is not turning a blind eye to the problem of an over-extended but crucial industry. The improvement in quality and the weeding-out of surplus and poor accommodation together with co-ordinated action by the federal and local authorities in the field of fiscal, transport and environmental policies are the most urgent tasks to be tackled if Austria wants to retain its pre-eminent position in the highly-competitive world of international tourism.

The economic significance of the tourist industry is reflected in the latest, still provisional, figures for foreign exchange intake, during the January-November period in 1978. Compared to the first 11 months a year earlier, gross intake from tourism was up by 11 per cent to AS 58.8bn. More important, of course, is the net surplus (after deducting expenditure by Austrians abroad). This key indicator also showed a jump by 25 per cent to AS 28.8bn. In view of Austria's structural trade deficit, tourism is an extremely important stabiliser in the balance of payments.

But the point of the matter is the rapid deterioration of the ratio between net surplus from tourism and the visible trade deficit. Therefore in 1970 the net tourism intake was able to offset 98 per cent of the trade gap, but by 1976 the proportion had dropped to 54 per cent and in 1977 had reached an all-time low of 37.2 per cent (the latest figures, however, also reflect adjustments based on the Schilling bank notes taken out by the 170,000 foreign workers employed in 1978 in Austria). The situation considerably improved in 1978 with the net intake again covering a large proportion of the trade deficit, which in turn also fell by almost 25 per cent.

Shift

Overnight stays by foreign tourists during the so-called "tourist year" (November 1, 1977, to October 31, 1978) were also up by 3.3 per cent to a grand total of 80.8m while domestic tourism accounted for 37m overnight stays, also up by 1.5 per cent. More important than overall statistical figures are the data about the accelerated shift from summer to winter tourism. So between 1970 and 1977, the share of winter tourism rose from 23.9 per cent to 32.7 per cent in general and from 21.1 per cent to 30.4 per cent in terms of foreign holidaymakers.

It is this shift which gives cause for some optimism as far as the future is concerned. Herr Stefan Schulmeister, the tourist expert of the Austrian Institute for Economic Research, points out the different impact of the fuel crisis and economic recession on the tourist industry. During the past five years, overnight stays in the summer season were falling by an average 2.5 per cent every year. As a result of the appreciation of the Schilling vis-à-vis other currencies, Austria has become too expensive, losing about 10 per cent of its share of international tourism in terms of overnight stays.

Significantly, winter tourism has not been adversely affected. On the contrary, overnight stays were increasing at roughly the same rate as in the "golden" 1960s, by 7 per cent a year. Herr Schulmeister sees two main reasons for this favourable trend: overall demand for winter holidays has not been

dampened because the holiday-makers come from a higher income group and winter tourism has become in a sense more and more fashionable. Secondly, because Austria's competitive position is particularly strong since few countries can offer accommodation at more favourable rates. Italy is an exception, but its capacity in winter is relatively modest. The proximity to West Germany is also an important factor because travel in winter is less easy than in summer.

Survey

Statistics about spending during winter and summer seasons underline the relative importance of winter tourism. According to a useful survey compiled by the Austrian Business Chamber, average daily expenditures by foreigners in the winter season 1978-77 totalled AS 867 as against only AS 535 during the summer season in 1977.

Yet the preponderance of the German tourists (three of every four holidaymakers come from West Germany) in the summer accentuated the fact that holidaymakers in summer are to a much higher degree workers and lower-income group employees than in winter. They are more easily affected by recession and unemployment and they also react more quickly to price increases than do winter tourists. Last but not least, keener international competition and easier travel contribute to the growing "price consciousness." The trend towards Mediterranean holidays acts as a dampening factor on the summer season in Austria.

The latest forecasts for this winter season, announced before Christmas by Dr. Josef Stalbacher, Minister of Trade, were favourable. Overnight stays should rise by 3.4 per cent and those by foreigners by 2.3 per cent, he said.

The trend towards higher-class accommodation continues and hotels and inns are expecting a rise of 3.1 per cent while the number of foreigners taking private rooms is likely to stagnate. During the last summer season, for example, higher-class hotels and pensions reported growth rates of 5 and 3 per cent respectively. But at the same time the number of foreigners taking private rooms was down by 10 per cent.

At present private accommodation in the summer season accounts for 33.3 per cent of the total capacity of 1.2m beds. During the winter season private rooms account for just over one-third of the 963,321 beds available to tourists.

It is generally realised that this important industry has entered a period of consolidation and structural shifts. Therefore representatives of the tourist and catering industry point out the adverse consequences of the high proportion of borrowing. The indebtedness of the tourist industry jumped between 1970-78, from AS 7.6bn to AS 26bn.

Another bone of contention between industry and Government is what the spokesmen of the tourist and catering sector call an excessive rate of taxation on drinks. According to the chamber's survey, the taxes accounted in 1978 for 31.5 per cent of the beer price as against about 13 per cent in Germany and Italy and a mere 5.5 per cent in Switzerland. For wine, the respective percentages are: 23.1 per cent in Austria, but 10.7 per cent in Germany, 8.3 per cent in Italy and 2.8 per cent in Switzerland.

That is why the latest promotion measures are regarded as being of marginal importance by the spokesmen of the Business Chamber. Because there are about 3,330 cable cars and ski-lift installations, costing so far AS 26bn, the latest subsidies for this sector are seen as additional evidence of avoiding the real and crucial problems of an industry which sees taxes as its real difficulty.

P.L.

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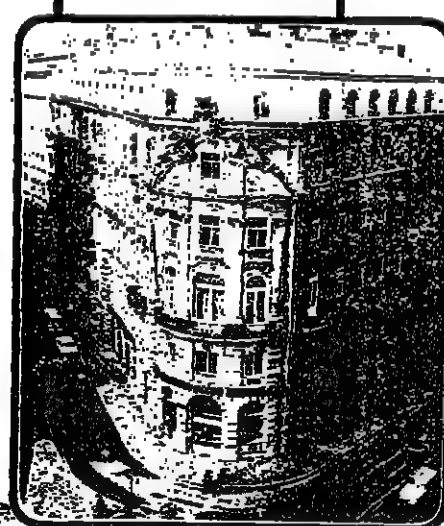
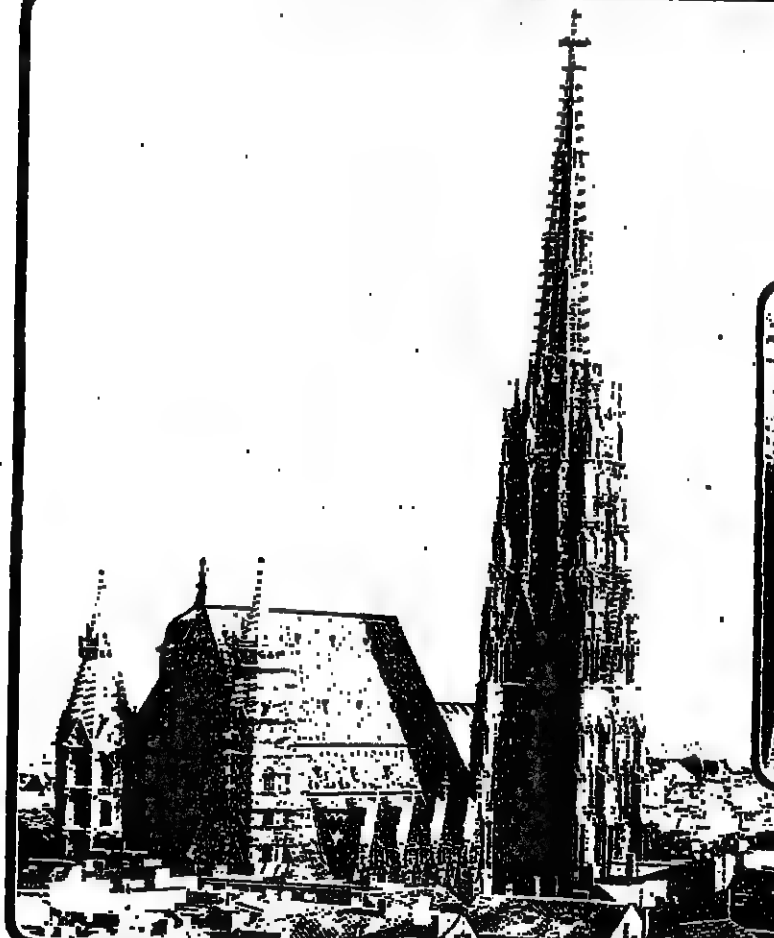
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Companies and Markets

WORLD STOCK MARKETS

Wall St. up again in early active trading

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THE ADVANCE CONTINUED in fairly active trading on Wall Street yesterday, when the Stock Market benefited from the flow of strong corporate earnings reports. President Carter's State of the Union Message had little impact on the market.

By 1 pm the Dow Jones Industrial Average was up another 6.15 to 853.00 and the NYSE All Common Index rose another 21 cents.

Closing prices and market reports were not available for this edition.

to 858.45, while the trading volume totalled 207.7 million shares.

Analysts said the 0.6 per cent rise in Consumer Prices in December was about in line with expectations. It was up slightly from the 0.5 per cent gain in November. They added that investors had their eye more on first quarter earnings, which are expected to accelerate.

Active Gulf Oil lapsed on \$1 at \$24.41 began drilling a second exploratory well off the New Jersey Coast in the Hudson Canyon.

Weyerhaeuser added \$1 at \$39 in active trading after reporting

higher profit for the year. Northern Telecom climbed \$1 to \$61, following a rise in fourth-quarter net earnings.

Smithline lost another \$1 to \$93, despite higher fourth-quarter profits, plans to split its stock two-for-one plus a raised dividend.

It sued 10 Federal Agencies for failing to properly enforce Anti-Discrimination Laws.

General Foods jumped \$1 to \$36.15, following a rise in fourth-quarter net earnings.

Active Bally Manufacturing dropped \$2 to \$53.33, following a subpoenaed company documents in an investigation of the slot machine industry.

Washington Steel advanced \$1 to \$33, following a rise in fourth-quarter net earnings.

Monats improved \$1 to \$50.14, following a rise in fourth-quarter net earnings.

THE AMERICAN SE Market Value Index rose 0.44 to 161.62 on a turnover of 1.62 million shares.

Syntax topped the active list adding \$1 at \$37.41 obtained

approval to sell its Polycron contact lens in the U.S.

Further gains were scored in active mid-day trading, following positive Corporate earnings reports and firmer prices in New York.

The Toronto Composite Index gained another 2.5 to 1,372.8. Metals and Minerals put on 2.5 to 1,323.8, and Golds advanced 1.9 to 1,571.4. But Oil and Gas shed 1.6 to 1,909.1 and Papers eased 0.11 to 157.92.

Tokyo

Prices continued to advance in active trading—530m (550m) shares—mainly because of strong buying from investment trusts and also individual investors.

The Nikkei Dow Index gained 34.95 to close at another record high of 6,150.96.

Chemicals, Shipbuilders, Oils, Shippings and Machineries were firm.

But "giant" capital issues in Heavy Electricals and Steel Makers declined on profit-taking.

Export industry-related issues such as Light Electricals also moved up, reacting favourably to the dollar's firmness against the yen in recent Foreign-Exchange trading.

Nippon Oil rose Y19 to Y706. Arabi Oil Y150 to Y3,050.

Wipac Kasei Chemical Y16 to Y171. Kasei Y20 to Y1,150 and Okuma Ironworks Y13 to Y312.

Non Ferrous Metals were also higher on an upsurge in Commodity Market prices. Nippon Mining advanced Y9 to Y163.

Paris

The market closed steady, with Wall Street's overnight firmness an encouraging factor.

However, Peugeot-Citroen fell FF11 to 438 on reports its subsidiary Chrysler France plans temporary lay-offs for all its workers and 250 redundancies.

Banks were mixed, while investment and Food shares were well maintained.

Among Foreign shares, Wall Street's strength boosted U.S. and German stocks. Gold and Copper shares were firm.

Germany

Share prices were steady to higher. Stores gained ground with Neckermann adding DM 5.50 to 177.5 and Kaufhof DM 1 at 252.5.

Motors strengthened. Volkswagen put on DM 1.20 to 252.7.

and BMW DM 3 to 243. Insurances firmed.

In the Bond Market, Public Authority issues lost up to 30 pfennigs despite DM 14.7m of Bundesbank purchases.

Brussels

Belgian share prices were mostly higher in lively trading. Acel, Cockerill, Sofina, Hoboken, Gevaert, Hainaut Sambre, Solvay, Cometa and UCB each rose.

In Foreign stocks, Dutch, German and Canadian shares were mixed, UK little changed, U.S. and French higher. Gold Mines also were higher.

Switzerland

Mixed trend in reduced volume, as demand for individual stocks corrected lower opening levels.

In Industrials, Schindler advanced on news of the Houghton Elevator of Cleveland acquisition.

Swissair shed SwFr 2 to 806, despite increased 1978 passenger volume.

Subur reversed losses following earlier announcements of possible short-time working.

Hydro Power shares gained again on yield considerations, while chemicals and Industrials were mixed.

Bank and Insurance shares were mixed. Domestic Bonds firmed in quiet trading, while Foreign Swiss Franc Bonds were mixed.

U.S. stocks were lower overnight. New York closing levels: Dow Jones Industrial Average 853.00, NYSE All Common Index 1,921.15.

U.S. Treasury 4 1/2% 1980-81 104.15, U.S. Treasury 3 1/2% 1980-81 103.15.

U.S. Treasury 2 1/2% 1980-81 102.15, U.S. Treasury 1 1/2% 1980-81 101.15.

U.S. Treasury 1/2% 1980-81 100.15, U.S. Treasury 0 1/2% 1980-81 99.15.

U.S. Treasury 0 1/4% 1980-81 98.15, U.S. Treasury 0 1/8% 1980-81 97.15.

U.S. Treasury 0 1/16% 1980-81 96.15, U.S. Treasury 0 1/32% 1980-81 95.15.

U.S. Treasury 0 1/64% 1980-81 94.15, U.S. Treasury 0 1/128% 1980-81 93.15.

U.S. Treasury 0 1/256% 1980-81 92.15, U.S. Treasury 0 1/512% 1980-81 91.15.

U.S. Treasury 0 1/1024% 1980-81 90.15, U.S. Treasury 0 1/2048% 1980-81 89.15.

U.S. Treasury 0 1/4096% 1980-81 88.15, U.S. Treasury 0 1/8192% 1980-81 87.15.

U.S. Treasury 0 1/16384% 1980-81 86.15, U.S. Treasury 0 1/32768% 1980-81 85.15.

U.S. Treasury 0 1/65536% 1980-81 84.15, U.S. Treasury 0 1/131072% 1980-81 83.15.

U.S. Treasury 0 1/262144% 1980-81 82.15, U.S. Treasury 0 1/524288% 1980-81 81.15.

U.S. Treasury 0 1/1048576% 1980-81 80.15, U.S. Treasury 0 1/2097152% 1980-81 79.15.

U.S. Treasury 0 1/4194304% 1980-81 78.15, U.S. Treasury 0 1/8388608% 1980-81 77.15.

U.S. Treasury 0 1/16777216% 1980-81 76.15, U.S. Treasury 0 1/33554432% 1980-81 75.15.

U.S. Treasury 0 1/67108864% 1980-81 74.15, U.S. Treasury 0 1/134217728% 1980-81 73.15.

U.S. Treasury 0 1/268435456% 1980-81 72.15, U.S. Treasury 0 1/536870912% 1980-81 71.15.

U.S. Treasury 0 1/1073741824% 1980-81 70.15, U.S. Treasury 0 1/2147483648% 1980-81 69.15.

U.S. Treasury 0 1/4294967296% 1980-81 68.15, U.S. Treasury 0 1/8589934592% 1980-81 67.15.

U.S. Treasury 0 1/17179869184% 1980-81 66.15, U.S. Treasury 0 1/34359738368% 1980-81 65.15.

U.S. Treasury 0 1/68719476736% 1980-81 64.15, U.S. Treasury 0 1/137438953472% 1980-81 63.15.

U.S. Treasury 0 1/274877906944% 1980-81 62.15, U.S. Treasury 0 1/549755813888% 1980-81 61.15.

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U.S. Treasury 0 1/573189953421312% 1980-81 42.15, U.S. Treasury 0 1/1146379906842624% 1980-81 41.15.

its recent recovery in Banks, while Assicurazioni Generali lost ground in Insurances.

Bonds were narrowly mixed in quiet trading.

Australia

More active Trading in the Mining sector put markets on a firm footing.

Brokers said local investors were seeking Mining shares more ardently because of interest from overseas, notably London-based buyers.

Most Coppers traded higher, despite a small setback in copper prices overseas, but BHP, even though it has reported record copper output and should benefit considerably from higher copper prices.

MM Holdings recovered 4 cents to 2.99 after announcing a 28.9 per cent increased interim profit.

Mount Lyell recovered 2 cents to 70 cents. Western Mining added 7 cents at 1.37 following new zinc and silver values at its Renmark project and improved developing prospects at Roxby Downs.

BHP put on 12 cents to 9.78.

Banks were mixed, with the Bank of NSW adding 4 cents, but CBA and CBA each shed 2 cents.

Hong Kong

Market closed narrowly mixed with slightly easier bias in small volume.

Jardine Matheson, at HK\$12, and Swire Pacific "A" at HK\$5.55 each shed 10 cents, while Hong Kong Land eased 5 cents to 8.15.

Hong Kong Hotels came back 70 cents to 21.50, Sun Hung Kai Securities shed 1 cent to 1.97 and KMB 10 cents to 5.25.

Johannesburg

The Stock Exchange was closed yesterday at the request of the Finance Ministry, to prevent undue fluctuations in share prices while the De Kock Commission report is being evaluated.

NOTES: Overseas prices shown below exclude 5 per cent premium dividends unless otherwise stated. DM 80 denoms, unless otherwise stated, yields based on net dividends plus 10 per cent.

PS 50 denoms, unless otherwise stated.

100 denoms, unless otherwise stated.

Swiss 50 denoms, and Swiss shares unless otherwise stated. S francs at time of suspension, c. 1.36 to 1.37.

GERMANY

Jan. 24 Price + or - Div. Yld. %

AGF 74.5 - 1.0 3.1 3.1

Allianz-Versich. 50.5 + 0.5 1.8 3.1

Bayer 136 + 0.5 1.8 3.1

Bayer-Hypo 256 - 1 1.8 3.1

Commerzbank 217 - 1 2.6 3.1

Conti-Gummi 59.5 + 0.5 1.8 3.1

Deutsche Bank 217 - 1 2.6 3.1

Deutsche Lf. 104 + 0.5 1.8 3.1

Harper 155 - 1 1.8 3.1

Hochtief 143.2 + 0.5 1.8 3.1

Hortner 161 + 0.5 1.8 3.1

Karl und Seitz 151.8 + 0.5 1.8 3.1

Kaufhaus 252.2 + 0.5 1.8 3.1

Klostermann 100 + 0.5 1.8 3.1

KNO 81.5 - 1 1.8 3.1

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Indices

NEW YORK - DOW JONES

	Jan. 25	Jan. 22	Jan. 15	Jan. 18	Jan. 11	1978-79		Since Completion		
						High	Low	High	Low	
Industrials	846.55	838.55	837.48	838.14	834.20	825.55	807.74 (58)	742.12 (22)	165.10 (17)	112.22 (27)
Transp. & Util.	84.46	84.38	84.28	84.45	84.18	84.16	88.94 (17)	84.51 (15)	101.70 (24)	97.52 (21)
Foreign	217.98	217.57	218.35	218.35	218.35	216.85	211.48 (58)	185.01 (26)	279.88 (12)	12.53 (6)
Utilities	102.77	102.60	102.40	102.27	102.50	101.36	110.55 (61)	97.75 (20)	118.15 (24)	101.85 (23)
Govt. & Int'l	38.00	38.00	38.00	38.00	38.00	38.00	—	—	—	—
Ind. div. yield %	5.81	5.80	5.80	5.80	5.80	5.80	—	—	—	—
Div. & High	541.74	540.85	539.85	540.85	539.85	539.85	—	—	—	—

STANDARD AND POORS

	1978-79						Since Completion	
	Jan. 25	Jan. 22	Jan. 19	Jan. 16	Jan. 17	Jan. 16	High	Low
Industrial	112.71	111.41	111.18	111.18	110.87	110.54	106.21	85.52
Composite	101.85	99.86	99.76	99.72	99.48	99.48	121.08	100.00
							111.70	100.00
							100.00	100.00
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TODAY'S ACTIVE STOCKS

MONTREAL					1978-79		
	Jan. 25	Jan. 24	Jan. 18	Jan. 11	High	Low	
Industrial	220.26	220.17	220.76	222.76	222.76 (181/79)	152.00 (35/5)	
Commodities	254.17	252.12	252.76	253.76	253.76 (121/79)	178.52 (50/1)	
TORONTO Composite							
	1869.21	1852.1	1854.4	1859.5	1849.4 (131/79)	988.2 (50/1)	
SEATTLE/BERGERS							
Field	—	277.4	272.5	282.8	277.4 (252/79)	195.8 (29/4)	
Industrial	—	277.4	272.5	282.8	277.4 (252/79)	194.9 (12/4)	
Jan. 24	Prev. close	1978-79	1976-67	Jan. 24	Prev. close	1978-79	
		High	Low			High	
Canada (C)	102.54	102.45	570.25	611.19	Specs	95.75	92.03
USA	—	—	971.70	1124	—	92.77	88.03
Sweden (S)	101.54	101.45	102.45	92.45	Sweden	91.26	88.03
						90.03	82.03

TODAY'S ACTIVE STOCKS

Oilfield 191	830.5	830.5	831	831	831	831	831	831
Transport 16	217.98	217.98	218.35	218.35	218.35	218.35	218.35	218.35
Utilities 14	102.77	102.77	102.80	102.80	102.80	102.80	102.80	102.80
Foreign 14	38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00
Ind. div. yield %	5.81	5.80	5.80	5.80	5.80	5.80	5.80	5.80

Oilfield 191 830.5 830.5 831 831 831 831 831 831
Transport 16 217.98 217.98 218.35 218.35 218.35 218.35 218.35 218.35
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New peaks in metal markets

BY JOHN EDWARDS, COMMODITIES EDITOR

NEW PEAKS for lead, silver and platinum were reached on the London metal markets yesterday. Copper prices soared to the highest levels since April, 1977 and encouraged a rally in the tin market.

The markets opened on a high note following the upward trend in precious metals. The rise was further fuelled by generally "bullish" sentiment, which attracted speculative buying interest and offset bursts of profit-taking sales.

Copper led the way upwards on the London Metal Exchange, with cash wirebars closing at £14.15 a tonne and moving higher in later kurb trading.

Cash lead jumped by £18 to £517.5 a tonne on consumer buying demand from Middle East countries.

This, and the rise in copper, helped to push the three months

quotation up by £13.125 to a record £482.75.

The general firmness in metals and fresh consumer buying, fuelled by the tin market despite a fall in Penang overnight, cash tin closed at £100 up at £6,875 a tonne.

Silver prices reached new highs on the London Metal Exchange, rising in line with the firm trend in gold and other metals.

The bullion market spot quotation was raised by 7.1p to £21.1p a troy ounce at the morning fixing. Values continued to rise during the afternoon and the London Metal Exchange cash price closed 10.1p up at £24.9p.

Free market platinum reached a new peak in sterling terms in London yesterday. At the afternoon close it was being quoted at £190 an ounce, £8.15 up on the previous day and

more than £2 above the previous all-time peak reached at the end of October. The dollar price at \$380 is still below the record \$393.

Platinum prices have advanced strongly in the past fortnight, partly reflecting the rise in gold and silver. However, it was claimed yesterday that platinum was moving up on its own account as a result of further buying by the Japanese and no signs of selling yet from the Soviet Union.

There have been strong rumours of a rise in the South African producer price, at which the bulk of platinum is sold, being raised from its present level of \$300 in view of the strength of the free market. But Sir Albert Robinson, chairman of Rustenburg Platinum, at the company's annual meeting in Johannesburg yesterday, only announced a rise in yearly output rate from 1m to 1.2m oz.

He emphasised, however, that the production increase was specifically to meet extra orders from the automobile industry. Demand from other sectors, he said, remained in balance with supply.

London free market dealers sounded a cautious note about the recent rapid rise in platinum prices. They pointed out that Japanese consumers would feel the full brunt of the price increase on this occasion since the Yen was no longer appreciating in value against the dollar as previously.

The nickel market is likely to remain depressed in 1979, Sir Albert forecast yesterday.

He noted, despite excess stocks and a continuing imbalance of supply and demand, major producers, in particular International Nickel, have been selling aggressively in recent months to prevent a further erosion of their market share.

Costs threat to wool growers

By Our Commodities Staff

MELBOURNE — Escalating costs are threatening the future of the Australian wool industry, according to Mr. Malcolm Vawser, general manager, marketing, of the Australian Wool Corporation (AWC), reports Reuter.

In a speech prepared for delivery to the International Wool Textile Organisation (IWTO) in Paris, he said the Corporation's endeavours to streamline wool harvesting, marketing and distribution should be seen against the background.

The price of wool is just getting back to the level of the early 1970s, but growers' costs are now two and a-half times higher, he said. "Unless we can cut into the costs along the pipeline and reduce the burden on growers there will be a cloud over the long-term health of the industry."

The recent detailed discussion of marketing reform must also be seen in this context Mr. Vawser said.

Market innovation was the basis of the limited order to purchase scheme (LOPS) while the AWC was also trying to contain indirect costs to growers through its shipping powers and detailed scrutiny of land transport and handling within Australia.

He said total AWC receipts through the LOPS had amounted to 40,000 bales between July and December 1978, four times as much as in the preceding nine months of the scheme's existence.

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SRI LANKA

Labour problems for tea estates

BY KEVIN RAFFERTY

SOME OF Sri Lanka's tea estates are beginning to suffer from labour shortages because the Indian Tamil tea pluckers are being repatriated and conditions are not attractive enough to persuade Sinhalese into the industry.

One tea expert in Colombo commented: "The Sinhalese and educated village dwellers. They want decent work and do not like to get up too early or to work when it rains. Yet on the estates it rains on more than 260 days and the plucking season runs the whole year round. The tea cannot wait for fine weather."

Experts say that it is difficult to be accurate about the numbers but there may be a shortage of 50,000 workers in an industry employing 600,000 to 650,000. And with each repatriation of a Tamil the shortage will get more acute. The programme has been going more slowly than expected and by September about 230,000 Tamils had gone to India, though most of these were from the tea estates.

Under agreements between the Governments of India and Sri Lanka more than 525,000 Tamils of Indian extraction were to be repatriated and the remaining 375,000 or so were to stay. Given that the tea industry at the start of the decade had a large labour surplus with more than 1m estate workers the agreements seemed eminently sensible and the answer to many problems at the same time.

For tea, however, the problems have not been solved. Tea has traditionally been a Tamil job with more than 80 per cent of the workers coming from the

minority community. The Tamils have proved harder than the Sinhalese and more prepared to work in the rain and at the higher altitudes and in isolated conditions where the best tea is grown.

The problem is the more complicated because of the racial aspects. Tamils and Sinhalese do not mix easily and if the policies of persuading the Sinhalese to work in the tea industry were successful, there would be another range of problems to solve.

What the Government is trying to do to make working in the tea industry more attractive to the Sinhalese is to abolish the distinction between the estates and the villages and to try to integrate them.

The tea estate workers are traditionally organised in lines, and away from the village communities. The lines are organised with their own schooling and medical facilities, which used to be superior to those available in the villages.

But in recent years the living conditions on the estates have deteriorated—which should provide an incentive towards integrating them, at least on paper. But tea industry sources are sceptical of whether the integration measures can work. "Up there on the best land there is no room for villages," said one. "You cannot try to transfer the general culture to the tea estates. They require a special kind of person. The best way to do it would have been to provide incentives to people prepared to go into the industry."

Even a senior Government official connected with tea did not think it would be easy to persuade the Sinhalese to go to the highgrown tea areas. "At best we might induce some workers to the lower land," was his view.

And the fact remains that shortages of workers are becoming critical on estates in the Uva and even in the Kandy areas.

For Sri Lanka tea it is another problem on top of a host of others. The country is still trying to digest the changes in management that followed the nationalisation of the estates. There is no shortage of critics of the "bureaucratisation" of the tea industry.

Although there has been some improvement in the last year or so as the new managers have settled in, the general climate remains difficult enough. Sri Lanka's tea production has fallen from its peak of 503m lbs to just over 400m lbs last year.

At the same time the entry of new countries, especially the East Africans, to tea growing has meant that Sri Lanka's share of the world market has slipped from more than 31 per cent to about 25 per cent.

Brokers also note a lower percentage of quality tea being offered to the market. Some of them also say that the determination to help the smaller units has added to costs and may be losing the industry Rs10m (£300,000) or more a year.

For the last year or so Sri Lanka has been helped by high prices for tea but these have levelled off. Tea remains critical to the country's economy if only because it provides half of Sri Lanka's export earnings, and there is no easy prospect of a replacement.

EEC may back cocoa pact price rise

THE EEC may support an African call for a higher world cocoa support price when a negotiating conference aimed at thrashing out a new international cocoa agreement opens in Geneva on Monday.

Following talks with representatives from Ghana, Nigeria, the Ivory Coast and the Comoros, EEC Commission officials are expected to urge the Community to approve an increase in the minimum price.

But they believe the price should remain below 150 cents a pound, a level the market surpassed last year, because a higher price would encourage the use of cocoa substitutes in confectionery.

Under the current agreement, which expires on September 30, the minimum price is set at 65 cents a pound, but in the past two years the market price has never fallen below 130 cents. The EEC officials are certain that producers will seek a minimum of more than \$1 a pound.

The Commission favours an agreement based on intervention stocks. Funds allocated under the previous two agreements, estimated to reach nearly \$200m by the end of September, would contribute to the financing of these stocks.

Farm price proposals postponed

BY MARGARET VAN HATTEN IN BRUSSELS

THE EEC Commission yesterday postponed until next week a decision on 1979-80 farm price proposals pending informal discussion among the nine EEC farm Ministers in Berlin this week.

Some Commission sources say the 13 Commissioners remain firmly committed to proposing the price freeze they recommended to EEC heads of government here in December.

But others suggested that Mr. Frans Olof Gundelach, the Agricultural Commissioner, who will join the Ministers in Berlin, may be persuaded to accept a compromise in the interest of speeding the introduction of the

European Monetary System. France and Germany appear to have eliminated most of their differences over farm financing arrangements, which led France to block the introduction of EMS. It is suggested that they will sound out the other seven Ministers on the possibility of a 2.5 per cent increase in common prices, together with a partial dismantling of the "green currency" system used to convert these into national currencies.

This would leave farm incomes in Germany and Benelux countries unchanged, and raise incomes in all other countries. Since this would increase the

present farm surpluses, Britain would strongly oppose it but most other countries might well accept it.

Mr. John Silkin, the UK Farm Minister yesterday, reversed his decision not to go to Berlin in response to an urgent appeal for support from Mr. Gundelach. He is expected to make a brief appearance at the talks on Friday.

David White reports from Paris: The French Cabinet agreed yesterday to step up efforts to resolve the farm price dispute which has already delayed introduction of the European Monetary System for almost a month.

Dairy glut 'almost out of control'

THE EEC dairy surplus is about to get out of control, the EEC Commission warns in a report published yesterday.

The document timed to coincide with the start of the 1979-80 farm price talks provides ammunition for the Commission in what promises to be a tough and protracted battle with the Council of Farm Ministers for a real, rather than a technical price freeze, writes Margaret Van Hatten.

Warning of the inevitable rise in dairy output as milk yields increase and of the problem of rising surpluses as consumption stagnates, it addresses itself directly to the Council.

"Political measures which

have only a marginal effect have so far not altered the situation, and are unlikely to do so," it says.

The report also predicts higher surpluses of sugar, cereals and wine, due to high prices and falling consumption. It points out that the EEC wheat price is double the world market price, the sugar price 2.5 times higher and the butter price 3.8 times higher.

For the Community this means exports of these basic products will become more difficult and more expensive.

Demand, affected by sluggish population growth and rising living standards, is levelling off and switching from cereals,

sugar, butter and fresh milk to meat, cheese and eggs. Wine consumption is stagnant but increased productivity will bring bigger surpluses "which will have to be absorbed at great cost."

EEC sugar exports

BRUSSELS—The EEC Commission authorised the export of 50,000 tonnes of white sugar at its weekly tender yesterday. Last week export rebates were granted on 57,000 tonnes.

No export offers were received for raw sugar.

Progress on Malaysian palm oil exchange

KUALA LUMPUR — Legislation to set up a palm oil exchange in Malaysia is being drafted and should be completed by the end of this year, a Primary Industries Ministry spokesman said here yesterday.

Commenting on Press reports he said the Ministry had held discussions with trade representatives on contract specifications for various grades of oil, and planned further talks next month with experts from the International Commodities Clearing House of the UK.

The discussions followed a report last October based on a six-week study by Mr. John Wilson, Hong Kong Commodities Exchange executive president.

The report recommended setting up the exchange as a self-regulatory private sector operation trading initially in palm oil and later other commodities.

The Government has repeatedly affirmed its intention to set up the exchange.

U.S.-EEC coarse grains accord

BY BRIJ KHANDARIA IN GENEVA

NEGOTIATIONS to draw up an international convention concerning coarse grains have reached the stage of tentative agreement in the Tokyo Round of trade talks here.

The heart of the convention will be a deal nearly completed in bilateral talks between the U.S. and European Community. Coarse grains were cited as a point of major interest by the Common Market during early rounds of negotiations for a new international wheat arrangement but ran into opposition from the U.S. which

wanted to keep wheat separate from other grains.

The U.S.-EEC deal so far is to create a consultative arrangement, without substantive economic provisions. But the Community is seeing the accord as being more than just a talking shop. The U.S. has been playing down the arrangement's importance as an informal regulatory mechanism for coarse grains markets.

The draft texts so far establish a coarse grains committee

whose membership will comprise all parties to the overall convention. The committee will meet at least twice a year but could be called at any time by the chairman.

In addition an advisory subcommittee will be set up to monitor coarse grains markets. The key element of the tentative deal is that the advisory subcommittee can set off a series of quick-fire actions if it considers that a serious situation of market instability is imminent.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Very strong on the London Metal Exchange. Forward metal moved sharply on the pre-market, opening at 150 and rising to 157 following heavy buying and the strength of silver metals. Thereafter the price edged higher, closing at 157.50, a net loss of 10p. Turnover: 5,000 tonnes.

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He emphasised, however, that the production increase was specifically to meet extra orders from the automobile industry. Demand from other sectors, he said, remained in balance with supply.

London free market dealers sounded a cautious note about the recent rapid rise in platinum prices. They pointed out that Japanese consumers would feel the full brunt of the price increase on this occasion since the Yen was no longer appreciating in value against the dollar as previously.

The nickel market is likely to remain depressed in 1979, Sir Albert forecast yesterday.

He noted, despite excess stocks and a continuing imbalance of supply and demand, major producers, in particular International Nickel, have been selling aggressively in recent months to prevent a further erosion of their market share.

Market innovation was the basis of the limited order to purchase scheme (LOPS) while the AWC was also trying to contain indirect costs to growers through its shipping powers and detailed scrutiny of land transport and handling within Australia.

BASE METALS

COPPER—Very strong on the London Metal Exchange. Forward metal moved sharply on the pre-market, opening at 150 and rising to 157 following heavy buying and the strength of silver metals. Thereafter the price edged higher, closing at 157.50, a net loss of 10p. Turnover: 5,000 tonnes.

LEAD—Copper led the way upwards on the London Metal Exchange, with cash wirebars closing at £14.15 a tonne and moving higher in later kurb trading.

Cash lead jumped by £18 to £517.5 a tonne on consumer buying demand from Middle East countries.

This, and the rise in copper, helped to push the three months quotation up by £13.125 to a record £482.75.

The general firmness in metals and fresh consumer buying, fuelled by the tin market despite a fall in Penang overnight, cash tin closed at £100 up at £6,875 a tonne.

Silver prices reached new highs on the London Metal Exchange, rising in line with the firm trend in gold and other metals.

The bullion market spot quotation was raised by 7.1p to £21.1p a troy ounce at the morning fixing. Values continued to rise during the afternoon and the London Metal Exchange cash price closed 10.1p up at £24.9p.

Free market platinum reached a new peak in sterling terms in London yesterday. At the afternoon close it was being quoted at £190 an ounce, £8.15 up on the previous day and

more than £2 above the previous all-time peak reached at the end of October. The dollar price at \$380 is still below the record \$393.

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MLR fears create further depression in stock markets

Gold contrast with big rises on S.A. monetary proposals

Account Dealing Dates
Option
*First Declara- Last Account
Dealings (ious Dealings Day
Jan. 2 Jan. 11 Jan. 12 Jan. 23
Jan. 15 Jan. 25 Jan. 26 Feb. 6
Jan. 29 Feb. 8 Feb. 9 Feb. 20

New time dealings may take place from 9.30 am two business days earlier.

With the notable exception of South African shares, stock markets were weak and shaky yesterday on worries about interest rate possibilities and the continuing serious industrial situation. Gilt-edged securities fell a full point and were going still lower after the official close of business, the F.T. 30-share index receded an early rise and ended at the day's worst, but South African Golds were strong and heavyweights, issues ended with widespread gains extending to nearly three points.

Speculation that the authorities may soon be forced into raising Minimum Lending Rate to 14 or possibly 15 per cent because of current money market pressures led to increased selling of British Funds and, with the market backing away, the longer maturities moved progressively lower. Shorter issues were also affected and losses were extended to 1.7. The Government Securities Index, down 0.52 at 66.47, fell to its lowest level since March 8, 1977.

Following confirmation of the rumoured Bank Organisation rights issue, the company is raising some £25m by offering one new share at 25p for every six ordinary shares held—and assisted by scattered bear closing the tone appeared relatively firm at around 11 am. Subsequently, however, the trend was easier and shortly after noon the disappointing preliminary statement from Tate and Lyle set the market back.

The dividend cut was badly received as was the accompanying statement on immediate prospects and prices of most top-name stocks were lowered to an extent which took the F.T. 30-share index below the 467.0 mark. Chartists had been looking to see a resistance level at 470, but the early selling developed, early support from institutional buyers was withdrawn and the index settled at 461.0, down 6.0 on the day and making a turnaround of 9.1 on the 11 am calculation. Tate and Lyle accounted for 2.6 of the day's index fall.

Expectations of a South African Rand devaluation and other important economic measures following the recommendations of the De Kock report triggered a broad demand for gold and industrial shares. Later news that Rand/Dollar links are to be severed increased the tempo of the advance, leading

to gains among stocks such as Randfontein Estate of 3½ points. The F.T. Gold Mines index jumped 15.9 more to 176.0 for a gain of 39.3 over the past eight trading days. Speculation concerning the possible devaluation of the South African Rand helped to spark off a good institutional demand for investment currency and, with few sellers among the premium group, the index rose 2½ higher at 92½ per cent. Yesterday's SE conversion factor was 0.8773 (0.8837).

Contracts in the Traded Option market yesterday amounted to 908, well up on the previous day's 433, largely due to a heavy business in Consolidated Goldfields in which 402 deals were done.

Standard Chartered up

Speculation concerning a possible devaluation of the South African Rand attracted buyers to Standard Chartered which has extensive interests in that country and, after a moderate trade, the shares closed 14 to the good at 480p. Elsewhere in the banking sector, the major clearers drifted lower on support. Midland closed 14 to 360p and NatWest softened 2 to 390p, following the satisfactory preliminary statement. Deeper money fears made for dullness in Hire Purchase. Lloyds and Scottish relinquished 2 to 103p as did UDT, to 43p.

Barely-tested Breweries closed showing modest falls, Arthur Guinness easing 2 to 185p. Marston Thompson and Evershed gave up 2 to 82p following the company's caution in the interim statement.

Fears of a possible hike in short-term interest rates tended to unsettle the Building sector. Blue Circle remained on offer at 260p, down 5, while Costain Group, 165p, and Taylor Woodrow, 400p, reacted 6 and 10 respectively. Timbers to give ground included Parker, down 5 at 130p, and Mangat Southern, a blue chip amounting to 140p.

Among Chemicals, ICI drifted away to 352p before settling at 353p, down 2 on balance. Pylus, a particularly good market of late, ran back 4 to 125p. Leading Stores made a dull start, with a steady climb to a general trend. W. H. Smith A list 6 to a 1978-79 low of 131p, while British Home, 174p, and Gussies A, 300p, declined 4 and 1 piece and House of Fraser gave up 3 to 125p. Elsewhere, Lee Cooper, 180p, and Time Products, 180p, dropped 5 and 18p. By way of contrast, Status Discount hardened 2 to 300p in response

to the more-than-doubled annual profits and proposed 400 per cent scrip-issue.

Electrical issues encountered fresh offerings with the emphasis again centred on recent high fliers. Eurotherm dipped 8 to 237p and Wholesale Fittings 7 to 236p. Kode, 149p, and Telephone Rentals, 139p, gave up 4 and 1 piece, while losses



of 5 were marked against Unilever, 173p. Electrocomp, 310p, and United Scientific, 280p. Leading issues were inclined firmer at the start but the market was unsettled by the announcement that Camrex had acquired a near 30 per cent stake in Dufay at 50p per share and intends to bid for the rest at the same price. Barlow Rand added 20 to 255p after speculation concerning the South African monetary system, while Finlas rose 3 more to 130p, after 135p. Hantleigh were wanted at 55p, up 3, while J. E. Fennell edged forward 2 more to 162p. Dealings in Britannia, 19p, were suspended at the company's request pending clarification of its position; the company has appointed a receiver to a subsidiary. Dealings in Chamberlain Group were also suspended, at 45p, pending an announcement; news of the agreed cash bid of 65p per share from Brown and Sharpe came after market hours.

Trident TV responded to a Press mention with a rise of 11 to 84p. Elsewhere among the Leisure issues, Scottish cinema and Bingo hall chain Caledonian Associated rose 30 to 500p following market demand in a restricted market.

In Motors, Lucas fell 7 to record a two-day fall of 15 at 251p. Among Distributors, falls of around 4 were seen in Heron and Perry both at 112p, and Bartwells at 102p.

Associated Newspapers lost 5 to 180p following the rationalisation plans announced for the London Evening News which will involve redundancies and a cut in the number of editions. Stirling Shipyard fell 7 to 363p. Other newspaper issues also tended towards lower levels. A withdrawal of recent speculative interest left Associated Book Publishers 3 lower at 291p, while further con-

sideration of the disappointing interim profits clipped 2 from David S. Smith at 70p.

Worries about interest rates left Properties lower throughout. Stock Conversion lost 12 at 234p, while Property Security Investment, 116p, and Warner Estates, 145p, fell 7 and 1 piece.

Rank down again

Rank Organisation's 362m fund-raising call announced with the satisfactory annual results still depressed the shares which fell away steadily to close a penny above the day's lowest at 247p for a net loss of 19. Other miscellaneous industrial majors continued to lose ground on labour and inflationary worries. Beecham lost 5 more to 603p, while falls of 4 were recorded in Bowater, 171p, Metal Box, 306p, and Unilever, 520p.

Dufay Stramatt, which fell 6 on Monday following the Board's bid denial and its request for an investigation into recent dealings in the shares, rebounded sharply to close 11 higher at 49p in response to the surprise late announcement that Camrex had acquired a near 30 per cent stake in Dufay at 50p per share and intends to bid for the rest at the same price. Barlow Rand added 20 to 255p after speculation concerning the South African monetary system, while Finlas rose 3 more to 130p, after 135p. Hantleigh were wanted at 55p, up 3, while J. E. Fennell edged forward 2 more to 162p. Dealings in Britannia, 19p, were suspended at the company's request pending clarification of its position; the company has appointed a receiver to a subsidiary. Dealings in Chamberlain Group were also suspended, at 45p, pending an announcement; news of the agreed cash bid of 65p per share from Brown and Sharpe came after market hours.

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FINANCIAL TIMES STOCK INDICES

	Jan. 24	Jan. 23	Jan. 22	Jan. 19	Jan. 18	Jan. 17	A Year Ago
Government Secs.	66.47	66.90	67.00	67.57	67.68	67.51	76.78
Fixed Interest	66.86	69.18	69.59	69.80	70.05	69.96	80.66
Industrial	461.0	467.6	475.1	478.8	476.3	474.0	463.3
Gold Mines	176.0	180.1	189.5	184.3	181.1	166.7	161.0
Gold Mines (excl. 5 p.m.)	119.3	109.8	109.6	109.3	109.4	108.0	118.0
Ord. Div. Yield	6.30	6.28	6.18	6.08	6.12	6.12	5.87
Earnings, Yld % (full)	16.62	16.31	16.14	15.94	16.06	16.08	16.97
P/E Ratio (net) (*)	7.83	7.93	8.01	8.11	8.09	8.09	8.35
Dealings marked	5,437	5,782	4,617	3,835	3,395	4,403	6,283
Equity turnover 2m	56.83	63.74	58.51	61.54	61.54	61.54	66.81
Equity bargains 2m	11,927	11,296	10,742	11,421	11,344	14,286	

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Excl. 5 p.m. 119.3, 11 am 120.1, Noon 119.3, 3 pm 119.3, 4 pm 119.3.

NOTES

* Prizes do not include \$5 premiums, except where indicated \$5, and are in place unless otherwise indicated.
 † Yield: % shown in last column allow for all bonus expenses. ‡ Offered prizes include all expenses.
 § Today's prizes: † Yield based on offer price. ‡ Estimated † Today's opening price. ‡ Distribution free
 † Insurance provided by Prudential Insurance Company. ‡ Single premium insurance. ‡ Offered prize includes all
 expenses except agent's commission. ‡ Offered prize includes all expenses if bought through agent.
 ‡ Previous day's yield: † Net of tax on realized capital gains unless indicated by †. ‡ Germany Group
 ‡ Suspended. ‡ Yield before jersey tax. ‡ Ex-liquidation. ‡ Only available to charitable bodies.

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FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Greek 7 1/2% 1980	50	11.70	12.20	
44	46	44	Irish 10% 1980	49	11.60	12.20	
44	46	44	Irish 10% 1980	49	11.60	12.20	
44	46	44	Irish 10% 1980	49	11.60	12.20	
44	46	44	Irish 10% 1980	49	11.60	12.20	

BANKS & HP—Continued

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

CHEMICALS, PLASTICS—Cont.

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	

ENGINEERING—Continued

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	
44	46	44	Enlon Plastics	44	10.67	11.20	

BRITISH FUNDS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

AMERICANS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

BEERS, WINES AND SPIRITS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

DRAPERY AND STORES

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

HOTELS AND CATERERS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

Five to Fifteen Years

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

Over Fifteen Years

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

BUILDING INDUSTRY, TIMBER AND ROADS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

ELECTRICAL AND RADIO

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

INDUSTRIALS (Miscel.)

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

INTERNATIONAL BANK

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

CANADIANS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

BANKS AND HIRE PURCHASE

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

COMMONWEALTH & AFRICAN LOANS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

FOREIGN BONDS & RAILS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

LOANS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

FINANCIAL TIMES

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

EDITORIAL OFFICES

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

ADVERTISING OFFICES

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

OVERSEAS ADVERTISEMENT REPRESENTATIVES

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

SUBSCRIPTIONS

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

FINANCIAL TIMES

1978-79	High	Low	Stock	Price	Yield	Div.	Yield
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	
44	46	44	Keyser William	46	10.67	11.20	

EDITORIAL OFFICES

43	Gaughn Bros. 20p.	82	2.64	1.7	6
93	Greenall Whitley.	120	-2	2.93	5.1
213	Greene King.....	310ml		17.37	3.0
148	Guinness.....	165	-2	7.84	3.0
631	High'd Dist. 20p.	88	+1	11.61	3.3
83	Invergordon.....	368		2.26	3.9

